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**Western Involvement in the Pacific Islands Region:  
Security Concerns and Development Aid**

**A thesis presented in partial fulfillment  
of the requirements for the degree of  
Master of Philosophy in Development Studies  
Massey University**

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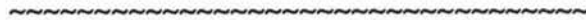
**1993**

## Table of Contents

	Page
Acknowledgements.....	i
Abstract .....	iii
Introduction.....	iv
 <b>Part One. Historical Background</b>	
Introduction. ....	1
Chapter One	
Imperial Expansion in the Pacific Islands.....	2
Chapter Two	
The Pacific Islands Under Colonialism.....	24
Chapter Three	
The Aftermath of the Second World War.....	38

**Part Two. Security Concerns and Development Aid**

	page
Chapter Four	
Aid in the Pacific Islands Region.....	56
Chapter Five	
Security Issues in the Pacific Islands Region.....	83
Chapter Six	
Western Security Policies in the Pacific Islands Region.....	99
Chapter Seven	
The Linkage of Aid and the Security Concerns of Donors.....	131
Conclusion.....	142
Bibliography.....	150
Appendix.....	182



## List of Figures

	Page
Figure 1. Country Share in World Commodity Exports (Average Percentage 1976 - 1978).....	63
Figure 2. Country Share in World Commodity Exports (Average Percentage 1982 - 1984).....	63
Figure 3. Main Commodity Prices.....	63
Figure 4. Trade Deficits of Pacific Island Countries (Selected Countries).....	66
Figure 5. Trade Deficits of Pacific Islands Region.....	66
Figure 6. Aid As Percentage of GDP in the Pacific Islands (Selected Countries).....	69
Figure 7. Proportion of Aid and Revenues (Average Percentage 1980-1987).....	69
Figure 8. Proportion of Bilateral/Multilateral Aid (Pacific Islands Region).....	74
Figure 9. Proportion of Bilateral/Multilateral Aid (Selected Countries).....	74
Figure 10. Recipients of Japanese Aid (Average 1980 - 1989).....	77
Figure 11. Recipients of New Zealand Aid (Average 1975 - 1989).....	77

Figure 12. Recipients of Australian Aid (1988).....78

Figure 13. Recipients of French Aid (1988).....78

Figure 14. Recipients of United States Aid (1986).....78

Figure 15. Recipients of United Kingdom Aid  
(Average 1974 - 1989).....78

Figure 16. Bilateral Donors to Papua New Guinea  
(1987).....79

Figure 17. Bilateral Donors to the Cook Islands  
(1987).....79

Figure 18. Bilateral Donors to Kiribati  
(1987).....80



## Acknowledgements

I have incurred many debts in writing this thesis. Professor Barrie Macdonald has my deepest gratitude for his excellent supervision, valuable comments and support including his suggestion of and coordination for my research visit to the Australian National University. That he has managed to be always available in time of need despite being overwhelmed with other engagements is gratefully acknowledged. My thanks also go to Associate Professor Croz Walsh for his moral support, "hi tech" advice and for finding financial support for my research trip to Canberra. I am particularly grateful to many people in Canberra. Special tribute should be paid to Greg Fry in the Research School of Pacific Studies at the Department of International Relations, Australian National University. He not only suggested useful contacts, but kindly arranged for me to meet experts and scholars of the fields concerned, and provided me with many facilities and useful materials; he also did his utmost to make sure that my stay in Canberra was a fruitful and happy one.

My respect and thanks go particularly to those at the ANU who shared their insights and knowledge with me; Dr. Bill Standish, Research Fellow at the Department of Political and Social Change, Stephen Bates of the Department of International Relations, Professor Stuart Harris of the Department of International Relations, and Ambassador John Piper. The library staff of the US Embassy in Wellington provided me with essential information as did the Australian High Commission in Wellington and the French Embassy in Canberra. They have my gratitude.

Moral support, constructive comments, consolation when ‘another deadline passed unmet’ and innumerable assistance to make my task easier including the tedious typing was given to me by my friends Jutha Debahasatin and Yutin Prajuntaboribal; special thanks to them.

My study at Massey University would not have been possible without the financial support from the Ministry of External Relations and Trade of New Zealand and the permission from my employers, the Ministry of Foreign Affairs of Thailand.

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## Abstract

Security concerns and development aid are closely-linked issues in the Pacific island region. In the broadest sense, security needs - either economic, political or strategic- explain the involvement of external powers in the Pacific island countries and their aid policies in the region. As security is multi-faceted, there is a difference in the security priorities of Western donors and Pacific island recipients. Different perceptions and concerns led to global-oriented rather than regional-oriented policies for most of the donors, especially at the height of the Cold War. Pacific island countries' concerns have been subordinate to those of the Western donors because these island nations are heavily aid-dependent. Aid-giving is therefore an effective mechanism to help guarantee regional stability and thereby protect the security interests of donors; on a per capita basis, the aid given to the region is very high by Third World standards.

The trend of high levels of aid flows in the region has not been significantly affected by the end of the Cold War. Economic vulnerability and intra-regional political problems have been brought to the forefront as potential threats to regional stability, however, in place of wider East-West tensions. Continuing economic dependency means that the Western powers still hold a strong influence in the region.

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## Introduction

Among prominent elements in the relationship between the Western powers and the Pacific island countries is development aid. Pacific island countries' need of aid lies partly in their physical disadvantages such as smallness, isolated and remote location and scarcity of resources, but at least as important are their difficulties in dealing with economic dualism, large and burdensome bureaucracies, and consumer demand for a wide range of imported goods. Local revenue is far too meagre to fund projects and services which reflect post-colonial ambitions and expectations concerning the nature of government and individual living standards; external assistance has now become indispensable if modern lifestyles are to be maintained.

External assistance from Western powers involved in the region has grown dramatically since the Second World War with the US, Australia, New Zealand, Britain, France and Japan as major aid donors. A major reason for aid-giving and the involvement of these powers in the Pacific islands lies in their concerns over strategic, economic and political security which the region has significant implication for them. At the height of the Cold War, the fact that the Soviet Union had attempted on several occasions to establish its presence and influence in the region raised the strategic importance of the Pacific. Equally important are the economic security concerns of the island nations. Apart from valuable natural resources found in a few island countries, the 200 mile Exclusive Economic Zones are of major importance. Here the rights of the new sovereign states could have serious implications for the economic concerns of the developed nations with an interest

in the region and thus cannot be overlooked. The political interests of some powers are served by their presence in the region.

As the understanding of linkages between aid flows from the Western powers involved and their security concerns will help provide an overall insight into the region's past, present and future, I hope to contribute to the understanding of the Pacific island region with this work. The research attempts to study the policies, perspectives and involvement in the Pacific islands region of these western hegemonic countries in regard to their security concerns, to study the effects of their policies on the development aid given to the Pacific Island countries and also to detect possible change in relation to the security-aid linkages in the post Cold War era of the 1990's. Part One of the thesis traces the historical background of the region to provide an understanding of how and why so many Pacific island countries have come to a state of permanent dependency. The analysis of aid flows in the region, aid policies of the West, and the linkages between the two are discussed in Part Two of the thesis.

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## Part One

### Historical Background

Part One presents a historical background which contributes to the understanding of how and why decades of contact with the West and the involvement of external powers in the Pacific island region have culminated in most of the Pacific island countries being permanently aid-dependent. Chapter One will discuss imperial expansion in the 19th century which paved the way to the formal colonial rule that is discussed in Chapter Two. Chapter Three will explain the changes since the Second World War in the relationships between Pacific island countries and external powers, with particular attention given to decolonization in the region.

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## Chapter 1

### Imperial Expansion in the Pacific Islands.

The establishment of a permanent European presence in the Pacific has its origin in European imperial expansionism in the 18th and 19th centuries. This chapter will discuss European expansion and show how it paved the way for European colonialism.

The age of Pacific exploration began in the 16th century, led by Spain. Between 1520 and 1605, Spanish explorers sailed into Oceania and sighted many islands in the Gilbert, Marshall, Caroline and Mariana groups of Micronesia, some Polynesian islands in the Tuamotus, Marquesas, Cook, Line and Ellice Islands, as well as the Solomons, Santa Cruz, the New Hebrides and New Guinea in Melanesia.<sup>1</sup> Despite some attempt to Christianize the islanders, Spain did not leave much impact of European contacts to these islands except in Micronesia,<sup>2</sup> though for Europeans its discoveries began to throw some light on this previously unknown region of the world.

This period of Spanish dominance was followed by Dutch exploration which grew along with the founding of the Dutch East India Company in the early 17th century and more islands were sighted (Tonga, Futuna, New Ireland, Easter Island, Fiji, New Zealand and

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<sup>1</sup> K. R. Howe, Where the Waves Fall (Sydney, 1984), pp. 71-74 and 78.

<sup>2</sup> Spain claimed sovereignty over Guam in 1565 and gradually tightened its control there. By the end of the 17th century, Spanish colonial rule was firmly entrenched on Guam and throughout the Marianas. (*Ibid* p.77).

northern and western coastlines of Australia).<sup>3</sup> However, as Holland's main interest was the East Indies, Dutch visits to the Pacific islands were mainly to get provisions and to explore the possibilities of trade and not to Christianize or colonize.<sup>4</sup> Nevertheless, relations between Dutch explorers and Pacific islanders were usually tense, sometimes violent, and seldom profitable. The East India Company soon withdrew support from further Pacific ventures. The period of Dutch exploration ended around the 1640s with Holland having Western New Guinea as its only Pacific territory.<sup>5</sup> Yet it was not until 1828 that the Dutch reasserted their claims to Western New Guinea to forestall British moves that might bring foreign traders closer to the centre of its interests in the Moluccas.<sup>6</sup> There were only a few Dutch planters and the territory was used to settle convicts from Indonesia; economic development was minimal. The attempt to establish a Dutch colony was finally abandoned in the late 1930s.<sup>7</sup>

These early attempts at European expansion did not significantly change the course of Pacific history in the short term but did lay the foundation for later development. What finally established a permanent European presence in the Pacific islands was the renewed attempt to find *Terra Australis Incognita* (the unknown southern land) which led to European exploration in the 18th century. Yet the 18th century commitment was kept to a

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<sup>3</sup> Glen Barclay, A History of the Pacific, (London, 1978), p.32.

<sup>4</sup> Howe, Where the Waves Fall..., pp. 79-81.

<sup>5</sup> *Ibid*, p.80

<sup>6</sup> H. C. Brookfield, Colonialism, Development and Independence (London, 1972), p.42.

<sup>7</sup> *Ibid*, pp.74-75.

minimum, recognizing that benefits from overseas possessions might not outweigh the costs and difficulties to be faced. It was not until the 19th century that European powers chose to move from minimal involvement to imperial expansion.

Several factors accounted for this western expansionism; most important were changing ideas in Europe, the expansion of industrialization and trade, and international rivalries. The 19th century climate of opinion in Europe emerged from the 18th century ideas of the enlightenment and the scientific inquiry, and was also later shaped by Charles Darwin's theories of the origin of species and evolution based on natural selection or the survival of the fittest. The new explanation and interpretation offered by these theories revolutionized western attitudes over human races, contributing eventually to the idea of white supremacy. The new attitude was also supported by religious revivalism and the related evangelical movements. Evangelicals generally believed that they belonged to the greatest nation on earth in which "...white race, western civilization and Christianity occupied the top rungs of the racial, cultural and religious ladders of mankind".<sup>8</sup> It was regarded that civilization as well as moral and social superiority were possible because of divine favour and Christian virtue which, in turn, enabled technological superiority and mercantile prosperity. Therefore proper civilization was unachievable unless people had been Christianized. The notion led to the belief in "white supremacy" and the "white man's burden" which were widely accepted both in Europe and North America in the late 18th and early 19th centuries. The belief was transformed into an active evangelical task of salvaging the "savage" world. Earlier and contemporary discoveries of numerous Pacific islands helped open up an opportunity for the

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<sup>8</sup> Howe, Where the Waves Fall..., p.111.

task. Organizations like the London Missionary Society (LMS) in 1793 and the American Board of Commissioners for Foreign Missions (ABCFM) in 1810 were created for this purpose. The despatch of missionaries into Pacific islands thus marked a new phase of European expansionism that reached its peak in the 19th century.<sup>9</sup>

The development of European industrialization in the 19th century created a need for raw materials and investment outlets as well as new markets. The Pacific islands became involved in this process as European entrepreneurs and settlers ranged across the Pacific Ocean, making good business with trade, and demanding land and labour for their plantation and mining investments. Rising conflicts over resources between European traders/settlers and islanders, and the inevitable disorder that followed, eventually drew the attention of European powers towards the Pacific islands and prompted the reconsideration of overseas expansion and possession.

International rivalry was another factor that accentuated the pressure for expansion. Antagonism between Britain and France continued long after the Napoleonic wars in the early 19th century. While Britain firmly secured its influence in North Africa and India, France's influence in these regions was diminished following its series of losing European wars which also severely reduced its chances of territorial expansion in Europe itself.<sup>10</sup> Hence France was keen to seek new territories elsewhere. France turned its attention towards the Pacific only to find that Britain had been one step ahead, and that Oceania had already

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<sup>9</sup> *Ibid*, p.111.

<sup>10</sup> Barclay, A History of..., p.67.



become virtually "a British lake". Hence France saw the need to quickly establish its presence in the Pacific for the protection of its own interests.

The changing world order also helped facilitate European expansionism. Old powers faded away from the Pacific. Holland had limited its interests to Western New Guinea and the East Indies and made its last Pacific voyage in 1722.<sup>11</sup> Spanish exploration initiatives had long been eclipsed by other nations, and Spanish attempts to revive its claims over various islands were not always successful. By 1842 Tahiti had slipped into the French hand. Spanish influence came to an end following the Spanish-American war of 1898 after which Spain lost Guam and the Philippines to the United States, and sold the rest of Micronesia to Germany.<sup>12</sup>

In place of the declining old powers, other nations emerged as new world powers. In the late 19th century, the United States became a great military and naval power. Unified Germany had become as powerful and, in the 1870s, was "anxious to exert a comparable influence in world affairs".<sup>13</sup> From the 1870s, Germany rapidly expanded its influence in Tonga, New Britain, New Guinea, the Marshalls and other Micronesian islands.<sup>14</sup> Aggressive German expansionism caused concern among other powers, and encouraged them to formalize their colonial ties. Moreover, all of these conditions favourable for

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<sup>11</sup> *Ibid*, p.39.

<sup>12</sup> W. P. Morrell, The Great Powers in the Pacific (London,1963), p.22.

<sup>13</sup> I. C. Campbell, A History of the Pacific Islands (Christchurch, 1989), p.145.

<sup>14</sup> Stewart G. Firth, "German Firms in the Pacific Islands, 1857 - 1914", in Germany in the Pacific & Far East 1870 - 1914, eds. John A. Moses and Paul M. Kennedy, (St. Lucia, Queensland, 1977), pp.6-8.

European expansion were enhanced by naval expansion and new maritime and military technology which became an important tool in the realization of imperial expansion.

Religious rivalry also contributed to international rivalry. For example, France was discontented with Britain's dominant role in Christian (and mostly Protestant) religious expansion in the Pacific, and eagerly promoted its own Catholic missions.<sup>15</sup> Where British Protestant conversion had already enjoyed success, French Catholic missions faced difficulty. Moreover, conflicts between various religious missions, and their involvement in islands politics, inevitably provided opportunities for later political intervention. In Tahiti, for example, Protestant missionaries had a vested interest in seeing the Pomare family achieve political paramountcy in Tahitian civil wars. The missionaries' role also extended to being indirect suppliers of firearms for the Pomares until they succeeded in unifying Tahiti. Even the formation of a Tahitian constitution providing for a unified Tahitian kingdom was strongly influenced by British missionaries who also "crowned" the next king - Pomare III. So great was the influence of these missionaries that in the first quarter of the 19th century Tahiti was virtually a missionary kingdom.<sup>16</sup> Hence French Catholic missions were bound to face some difficulties. The new government tried to discourage their residence, and a series of crises started from 1838. In retaliation, Moerenhout, who acted as French consul, urged official French intervention, and supported the action of the French Admiral Du Petit-Thouars

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<sup>15</sup> Campbell, A History..., p.138.

<sup>16</sup> Howe, Where the Waves Fall..., pp.136-142, 148.

in demanding reparation, imposing an unequal treaty and finally, imposing an unwanted protectorate on Tahiti in 1842.<sup>17</sup>

Hawaii faced a similar situation. Crises arose from the attempts of the Hawaiian government to exclude priests of the Catholic Church from living and evangelising in Hawaii. These crises began in 1827 and continued into the 1830s. A French warship came to Hawaii in 1839; its commander demanded religious freedom and obliged Hawaii to pay a \$20,000 bond<sup>18</sup> and to sign a treaty that gave benefits to French nationals doing business there.<sup>19</sup> Yet the influence of the Protestant missionaries was still evident. The formulation of the Hawaiian constitution in 1839 went under the influence of the American missionaries, although not as prominently as in the case of British missionaries with the Tahitian constitution.<sup>20</sup>

By 1840, European presence and influence were commonplace in the eastern, central and south Pacific. During the latter half of the century, the European religious and commercial frontier moved progressively westward to include Melanesia. By the 1870s, European population in the Pacific was well over 2,000.<sup>21</sup>

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<sup>17</sup> Campbell, A History..., p.85.

<sup>18</sup> Howe, Where the Waves Fall..., p.175.

<sup>19</sup> Campbell, A History..., p.141.

<sup>20</sup> Howe, Where the Waves Fall..., pp.175-6.

<sup>21</sup> *Ibid*, pp.175-6 and 273.

On the religious frontier, British missionaries had been active since the 1790s and, with their counterparts from Australia and New Zealand, ranged across the Pacific covering Hawaii, Tahiti, Tonga, Samoa, the New Hebrides, the Society, Loyalty, Cook Islands, Futuna and New Caledonia. American missionaries were in Hawaii from 1820. French Catholic missions came to the Pacific later, attempting to land at Hawaii in 1827 and by the 1840s they were in Tahiti and the Marquesas. As most of the area were already under Protestant influence, French Catholic missions had few opportunities except in the Solomons, New Caledonia and other central and western Pacific islands where the Protestants were not so well established.<sup>22</sup>

As for commercial interests, the sealing boom after 1810 and the mid-century boom in whaling brought a great number of Europeans to the Pacific. Most of them were Americans and British and their frequent calls at ports in New Zealand, Hawaii, Samoa and other groups provided additional opportunities to trade.<sup>23</sup>

Local products also interested traders. Copra produced from coconuts was abundant nearly everywhere from the 1870s. New Zealand had good flax and timber to offer. Fiji had *bêche-de-mer*, sandalwood and good prospects for cotton plantations. Hawaii, the Marquesas, New Caledonia and most of the southern New Hebrides were also rich in sandalwood.

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<sup>22</sup> *Ibid*, p.290.

<sup>23</sup> *Ibid*, p.92.

British traders, including those from Australia, plied most of the islands. British settlers concentrated in Fiji. American traders and settlers had business and plantations in Hawaii and Samoa. The French centred in Polynesia and the Germans were in Fiji, New Guinea and New Britain, with the greatest numbers in Samoa and Micronesia. Thriving trade, together with rivalries, disorder and other problems that arose as a consequence, inevitably drew the attention of their relevant governments to the Pacific in the later part of the 19th century.

Although informal spheres of interest existed, there was initially no rush or 'scramble' for colonies in the Pacific as there had been in Africa. However, changes in European attitude and policies came with imperial concern over expansion, coupled with local Pacific circumstances and conflicts over land and sovereignty in particular. While the Pacific islands were not important to the security of Europe, the need to protect national investments and to maintain order through naval patrols meant that security issues also had to be considered. Steam powered vessels created the need for secure coaling stations for naval and commercial purposes while the settlement of the Western United States by the 1850s raised the prospect of the important shipping routes across the Pacific. By the 1890s, some islands had assumed strategic importance as cable and wireless stations. These factors all contributed to a revised attitude towards the formal acquisition of colonial territory in the Pacific islands which led eventually to the partition of the Pacific and formal colonization.

The policies and levels of involvement of the various western powers in the Pacific differed substantially. For example, Britain was the dominant power in the region but it did not want new colonies. Pacific interests would have to be subjected to the interests of the

empire as a whole or to the demand of global diplomacy. An imperial commitment would be expensive. Local Pacific issues were regarded as "frontier" problems, unimportant or even irritating events that could endanger Britain's aim to keep peace with France and Germany.<sup>24</sup> Britain's formal intervention in the Pacific was therefore limited, only enough to keep order, and to protect British interests and British nationals who poured into the Pacific as missionaries, traders, planters and settlers.

However, in the eyes of Australia and New Zealand, this policy was not a sufficient guarantee of their security and economic development. Situated in the Pacific themselves, and several thousand miles from Britain, Australia and New Zealand often felt insecure and threatened especially with the expansion of other powers that were rivals of, or hostile to Britain. They consistently tried to convince Britain to expand its formal rule in the Pacific islands, in the belief that British possession of south-western Pacific islands was necessary for strategic and economic reasons. Even though Australia and New Zealand were British colonies at this time, and therefore had no constitutional power to expand Britain's influence or power, their security concerns were so high that they even took aggressive action themselves. For example, Queensland sent forces to take over the south coast of New Guinea, and New Zealand sent an agent to the Cook Islands to claim a protectorate there. These expansionist attitudes were not supported by Britain which maintained that European perceptions and power relations were to be deciding factors in taking decision on the

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<sup>24</sup> M. P. Knight, "Britain, Germany and the Pacific, 1880 - 87", in Germany in the Pacific & Far East 1870 - 1914. ed. J. A. Moses and P. M. Kennedy (St. Lucia, 1977), p.61.

Pacific sovereignty questions.<sup>25</sup> In practice, Britain tried to use informal influence and support to keep local polities independent for as long as possible.

However, Britain's policy of 'native independence' was gradually modified by developments in the Pacific islands. Britain was often asked for protection by local chiefs who were facing threats to their sovereignty from other powers. In 1823, for example, King Kamehameha II of Hawaii took the trouble of travelling to Britain to offer to place the whole Hawaiian group under the protection of Britain, but Britain declined.<sup>26</sup> Likewise, when John Brown Williams, American consul in Fiji, used the US navy to threaten Fiji in 1855, Fiji turned to Britain for protection with an offer of cession. Again Britain declined.<sup>27</sup> However, other incidents including continuous pressure from Australia, New Zealand, British officials in the Pacific, British settlers and traders and international rivalry forced Britain into a series of 'ad hoc' decisions to move towards closer involvement. In trying to cope with the complications of increasing settlement and the labour trade, for example, Britain decided to impose closer control by various means. These ranged from passing the Pacific Islanders Protection Act to establishing the Western Pacific High Commission even though Britain was well aware that this would be regarded as "a first step towards annexation" of Fiji.<sup>28</sup> This

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<sup>25</sup> C. H. Grattan, 'Australia and New Zealand and Pacific - Asia' in Oceania and Beyond : Essays on the Pacific Since 1945 ed. F. P. King, (London,1976), p.81.

<sup>26</sup> Barclay, A History..., p.78.

<sup>27</sup> Howe, Where the Waves Fall..., p.273.

<sup>28</sup> Deryck Scarr, Fragments of Empire : A History of the Western Pacific High Commission 1877-1914.(Canberra,1967), p.27.

led inevitably to greater involvement, and Britain ended up with more colonial responsibilities in the Pacific islands than any other power.<sup>29</sup>

Like Britain, France initially had no particular enthusiasm in Pacific empire, viewing the islands as too distant and hardly promising additions to 'Greater France'.<sup>30</sup>

Before 1842, the French presence was largely represented by French Catholic missions. It was these missionaries, who often had the use or support of warships, who called for French annexation of the islands where they had established their churches - Tahiti, Solomon Islands, Tonga and Samoa.<sup>31</sup> French warships threatened Hawaii and Tahiti in 1828.<sup>32</sup> This kind of action, as well as the moves of missionaries, at first met with little support from the French government. However, France's increased worries over the prospect of British and American expansionism to establish exclusive spheres of influence for their nations as 'Oceania for the Anglo-Saxon' prompted French reconsideration.<sup>33</sup> The French government policy in the 1840s was that "what is advantageous to France and indispensable for her is to possess parts on the globe destined to become great

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<sup>29</sup> Campbell, A History..., p.148.

<sup>30</sup> R. D. Aldrich, The French Presence in the South Pacific 1842 - 1940 (London,1990), p.15.

<sup>31</sup> Aldrich, The French..., p.18

<sup>32</sup> Barclay, A History..., p.61

<sup>33</sup> Grattan, "Australia and...", p.80.



commercial centres of trade and navigation".<sup>34</sup> Yet if France was to have a commercial and military presence, it needed ports. Therefore France had its early interest in New Zealand and, when it failed to establish a colony there, looked for bases in eastern Polynesia. In 1842 France seized the Marquesas for naval facilities; Tahiti's chiefs were intimidated until Tahiti fell to France later in the same year. Next, France moved to Wallis Island, Futuna, and New Caledonia, first claiming protectorates and eventually annexing New Caledonia in 1853.

The United States was another important western power involved in the Pacific. At first, the focus of US interest was in Hawaii and Samoa. US planters and traders in Hawaii also tried to put pressure on their government for annexation. The US planters who dominated sugar plantations there benefited from the high price of Hawaiian sugar sold in the US but a new tariff on imported sugar introduced in 1891 jeopardized their advantages; if Hawaii were annexed, the US planters would become domestic producers and no longer subject to the tariff. US businessmen formed an 'Annexation Club', and their seizure of the King's palace and declaration of Hawaii as a republic were supported by US marines. The US government, however, was not ready to act in their favour, realizing that war with Spain was brewing<sup>35</sup> and also having to appease other powers because of its moves in Samoa. The Hawaiian question, which also involved Britain and France, was therefore settled by keeping

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<sup>34</sup> Aldrich, The French..., p.18

<sup>35</sup> Barclay, A History..., p.123.

Hawaii's independence. Yet it was known to be *de jure* independence while *de facto* administration was under American close 'advice'.<sup>36</sup>

The US victory over Spain resulted in Spain's departure from the Pacific in the late 1890s. With its seizure of Guam and the Philippines, the US began its formal colonial rule in the Pacific. The Hawaiian question was eventually resolved by its annexation to the US in 1898.<sup>37</sup>

The interests of American traders in Samoa also called for government intervention. The Samoan case involved Britain and Germany. Although the US government at first was not nearly as keen on expansion as some of its agents, the Samoan question culminated in 1899 with the partition of Samoa between the US and Germany, and on agreement that Germany would not interfere with British interests in Tonga.<sup>38</sup>

US attempts to expand elsewhere were not as successful. The US consul in Fiji inflated claims for alleged property damage into massive debts and threatened local chiefs, with naval cooperation, in 1858 and 1874. Fiji turned, instead, to Britain which annexed it at last.

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<sup>36</sup> Hawaiian King had a cabinet of eight ministers to advise him, all of them were Americans. (Barclay, A History..., p.85.).

<sup>37</sup> *Ibid*, p.124.

<sup>38</sup> R. P. Gilson, Samoa 1830 -1900 : the Politics of a Multi-cultural Community. (Melbourne,1970), p.432.

The other European power involved was Germany which after 1881 began "a quest frankly to acquire overseas possessions".<sup>39</sup> In the Pacific, Germany was a latecomer. Yet it consolidated its trade and controlled as much as 70% of all Pacific trade by the 1870s.<sup>40</sup> However, German traders faced some difficulties in islands already under other powers' influence. For example, in 1874 Britain annexed Fiji and confiscated most of German-owned land. The next year the US obtained a privileged position over German commerce in Hawaii. German companies in the Society group were threatened when France annexed the group in 1881.<sup>41</sup> In Samoa, the Germans entered into conflicts over the right of land with both the Samoans and the Americans who also had vested interests there. These difficulties prompted German traders to urge their government to adopt a policy of annexation: a call that was eventually answered.

In 1884, Germany annexed New Guinea and the next year the Marshalls. The Carolines were next on the list but Spain intervened and protested the annexation on the ground that western Micronesia was still a part of Spanish empire. Hence Germany had to buy the Carolines, the Marianas and Palau from Spain in 1899.<sup>42</sup>

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<sup>39</sup> Campbell, A History..., p.145.

<sup>40</sup> P. M. Kennedy, "Bismarck's Imperialism: the Case of Samoa 1880 - 1890", The Historical Journal, vol.XV, no.2, (1972), p.263.

<sup>41</sup> P. J. Hempenstall, Pacific Islanders Under German Rule: A Study in the Meaning of Colonial Resistance, (Canberra, 1978), p.17.

<sup>42</sup> *Ibid*, p.18.

In the administration of German territories, colonial empire was to be based on already-existing trade and plantation holdings with minimal governmental involvement; as Bismarck noted "property and trade must first of all be formed privately, then the flag and protection can come".<sup>43</sup> Hence German colonial administration was unique in which German trading companies had come to play a major role.

In New Guinea, the form of "charter government" together with naval support was applied. The Charter was awarded in 1885 to the New Guinea Company which was responsible for the territory until 1899. In 1888, the Jaluit Company was granted the rights in the Marshalls and the Carolines to take possession of all unowned land, to extract guano deposits and to have a trading and plantation monopoly.<sup>44</sup>

Western powers had found many paths into political relations with the Pacific polities. Conflicts in local politics also opened up a convenient opportunity when local chiefs, in rivalry with one another, each sought European weapons, support and protection. Exchange of European military aid for trading advantages was therefore commonplace in the Pacific. The British missionaries, for example, sided with the Pomares of Tahiti until they could create predominant influence there. Hawaiian chiefs were also known to seek European alliance in their civil wars. More important, however, was the issue of the rights

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<sup>43</sup> Kennedy, "Bismarck's ...", p.261.

<sup>44</sup> Hempenstall, Pacific Islanders..., *op. cit.*, p.19.

to land which was often sold for firearms.<sup>45</sup> This issue became a source of conflict both between Europeans themselves and between Europeans and islanders.

Local indebtedness was another excuse. Trade was vigorous from the start because, apart from exorbitantly expensive weapons, islanders bought both consumer items and luxury goods, again at a very high price and often on credit. Once the local chiefs were faced with huge debt problems, it was possible for traders to force them, often with naval support, to sign treaties which provided for trade advantages. Hawaii, Tahiti and Fiji were among those that experienced such pressures. This practice contributed eventually to the loss of political independence.<sup>46</sup>

Meanwhile, settlers and traders, concerned for the security of their wealth, property and the right of land ownership, found themselves very vulnerable because of uncertainties and irregularities in their relations with local Pacific governments as well as lawless elements among themselves.<sup>47</sup> When problems arose, neither native governments nor representatives of western governments could be relied on to effectively solve the problems. Settlers and traders therefore increasingly felt the need of a formal legal structure and accordingly urged their governments to take closer control, preferably through annexation.

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<sup>45</sup> Deryck Scarr, The History of the Pacific Islands: Kingdom of the Reefs, (Melbourne,1990), p.160.

<sup>46</sup> Campbell, A History..., p.63.

<sup>47</sup> F. J. West, Political Advancement in the South Pacific: A Comparative Study of Colonial Practice in Fiji, Tahiti and American Samoa (Melbourne,1961), p.19.

Despite invitations from local chiefs, pressure from their own nationals, and mounting problems calling for intervention, western governments in the first half of the 19th century generally avoided direct or full involvement, and tried to pursue a hands-off policy in Pacific affairs.<sup>48</sup>

This policy stemmed from the belief that acquiring new colonies would bring more trouble than benefit. Germany viewed colonies as a draw on national resources and believed that Pacific colonies would only create "an inflated bureaucracy and petty despotism".<sup>49</sup> In 1810, Britain would not recognize the King of Hawaii as a subject to the King of England although the Hawaiian King referred to himself as such. Nor did Britain grant Samoa's request to come under its protection in 1877.<sup>50</sup> The US congress did not ratify the treaty of commerce, friendship and navigation that American warships managed to secure from Hawaii in 1826.<sup>51</sup>

Maintenance of larger interests outside the Pacific, and global diplomacy, also called for discreet moves in the Pacific. As long as *détente* diplomacy was to be pursued, Western powers were anxious to avoid conflicts among themselves. Conflict avoidance would be easier with less involvement. Hence the hands-off policy even in a situation in which

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<sup>48</sup> The full involvement of Britain in taking New Zealand as a British possession in 1840 was an exception.

<sup>49</sup> Hempenstall, Pacific Islanders..., p.17.

<sup>50</sup> Barclay, A History..., pp. 68, 92 and 115.

<sup>51</sup> *Ibid*, pp.79-80.

national interests might be at stake. Western powers would resort to negotiation and compromise, as in the cases of Hawaii and Samoa.

The latter half of the 19th century saw new developments in the Pacific which led to the change from the earlier 'hands-off' policy to tighter control and formal colonization.

As this was a period of increased European investment and settlement, commercial activities and opportunity seeking grew. Lawlessness and disorder was on the increase and often exceeded the toleration of loose control. The 1860s was also the era of a prosperous labour trade, then called 'black-birding'. Around 100,000 islanders were recruited from the New Hebrides, Tonga, the Solomons, Niue, Kiribati and other small islands. They were brought to work in plantations in Queensland, Fiji, New Caledonia, Samoa, Tahiti and Hawaii.<sup>52</sup> The labour trade was sometimes associated with kidnapping, inhumanity and other problems which only highlighted the need to regulate and control western activities in the area.

Britain responded by passing the Pacific Islanders Protection Act in 1872, and in 1877 established the Western Pacific High Commission in Fiji to try to control British recruiters throughout the Western Pacific.<sup>53</sup> The British policy on Pacific colonies was also altered

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<sup>52</sup> Brookfield, Colonialism..., p.31.

<sup>53</sup> Morrell, The Great Powers..., p.15.

with the coming of the new government that appreciated Australia and New Zealand's desire for colonies.

Britain also felt responsible in Fiji where British interests and activities, especially in the establishment of plantations, the labour trade and intervention in local government, had resulted in a chaotic condition. It decided to bring order back to Fiji by direct intervention. The decision to accept Fiji's offer of cession was reached at last in 1874.<sup>54</sup> Britain further accepted that it was necessary to increase the degree of intervention to enable effective problem-solving within the territories under British influence, or to avoid potential conflicts with other powers. Germany, for example, strongly pressed Britain to take action over the labour trade in Micronesia which could greatly affect Germany's business there. Britain felt obliged to declare protectorates over the Gilbert Islands partly because it needed to secure German support in meeting French hostility over the British moves in Egypt.<sup>55</sup>

Local incidents also contributed to the change of "hands-off" policy. In particular, in an attempt to enlarge or secure western interests, intimidation also grew. Demands for reparation, with naval back-up, for debts or other 'unfair treatment' was a common tactic. The US threatened Fiji twice in the 1850s. Germany was now ready to assert its power and 'protection'. Similarly France tried to force its protection over a number of islands - Wallis and Futuna in 1844, New Caledonia and Tonga in 1853.<sup>56</sup>

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<sup>54</sup> Deryck Scarr, Fiji : A Short History, (London,1984), p.75.

<sup>55</sup> Barrie Macdonald, Cinderellas of the Empire: Towards a History of Kiribati and Tuvalu (Canberra,1982), pp.67-68.

<sup>56</sup> Campbell, A History..., pp.142-144.



Hoping to survive these threats, local chiefs turned to western powers, most frequently Britain, to be their protector. Such incidents increased the chances of clashes among western powers. In some cases, a compromise like a joint administration could be reached, as in the condominium of the New Hebrides under Britain and France. For most cases, however, formal partition that recognised each power's sphere of interests seemed to be the best way to avoid further and more serious conflicts. The case of Samoa, for example, resulted in the 1899 agreement of the three powers involved - Britain, Germany and the US - that the US got Tutuila and Manua, Germany was to have Samoa west of longitude 171 West in return for German concessions to British interests in Tonga and elsewhere in the Pacific.<sup>57</sup>

While the formal and informal definition of spheres of interest was proceeding, settlement in various islands had become *de facto* colonial outposts. Western cultures and ways of life were prominent, stressing 'white supremacy' in every aspect. Leaders of western communities emerged, some having high support for their wishes in the metropolitan parliaments, and aired more forcefully the different interests of westerners and Pacific islanders. They could put more pressure to their governments.

Moreover, new naval technology now required more adequately equipped ports, harbours and naval bases. This practical necessity helped stress the need to have control of

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<sup>57</sup> Barclay, A History..., p.124.

bases in the Pacific and contributed to the call for western intervention in the Pacific affairs.<sup>58</sup>

In conclusion, once France and Germany started formal annexation, and Britain was almost obliged to do so in Fiji, the subsequent annexation of other Pacific islands was almost inevitable. Gradually, island polities came under the direct administration of western powers. By the end of the 19th century, all island polities, apart from Tonga, had come under formal rule of Britain, France, the US and Germany with Australia and New Zealand, and then Japan, also acquiring the responsibilities of colonial administration. Thus the formal colonial era had begun.



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<sup>58</sup> *Ibid*, p.109.

## Chapter 2

### Pacific Islands Under Colonialism.

Formal colonial rule caused tremendous change in many aspects of Pacific islanders' lives. On the one hand, colonial rule brought better education, health and living conditions to many people. On the other hand, for many Pacific island countries, it accentuated commercial exploitation, cultural decay and led to indefinite economic dependency on external assistance and, it could be argued, compromised the independence that later followed from decolonization. Two main factors accounted for this - deeper penetration of capitalism, and policies of colonial administration. Between them, also, capitalism and colonialism created expectations that could not be sustained by the available resources.

Pacific islanders were brought from a subsistence state into a cash economy through capitalism which had been introduced to the region as early as when the first explorers traded for water, food, handicrafts and women. Subsequently, islanders had experienced, through the trade in sandalwood, pearl-shell and coconut products, European mercantilism in which they often fell victims of indebtedness. Later on, they had also experienced capitalism in the emergence of commercial plantations and mines. Yet a cash economy and capitalism as such was mostly on a small-scale basis. Formal colonial rule and the emergence of administrative systems facilitated the penetration of capitalism further and deeper, resulting eventually in the creation of economic dualism and a dominant position for

foreign capital in the colonies which contributed eventually to dependency on external resources.

These economic changes followed from the policies of the colonial powers. Before the Second World War, metropolitan governments generally followed a policy of not subsidising of colonial governments: colonies were expected to generate profits for their metropolitan power or, at least, to be self-sufficient. Yet colonial administration needed revenue to maintain order, establish the structure of government and to improve overall social and economic conditions. In most cases, local revenues were far too meagre to cover all of these costs. Priorities had to be set. Social development, especially education and medical services, was left largely in the hand of missionaries while the already-available revenues would pay for salaries and administration costs. Even this could be insufficient in some cases. Some colonial governments attempted to draw financial support from metropolitan governments. For example, in 1890, the British Resident of the Cook Islands suggested that a small grant-in-aid be made available for a few years but his request was not approved.<sup>1</sup> Even when this grant-in-aid was later secured, it was made 'repayable'. The same applied to Fiji at the time of annexation. The first Governor, Sir Arthur Gordon, managed to get from the British government a grant-in-aid of £100,000 and it was also 'repayable'.

As subsidies from metropolitan governments were not always forthcoming, colonial governments were forced to rely on, and promote private investments to generate sufficient revenue in line with the philosophy of the time which held that private capital should be used in the economic development of colonies because it could generate further funds that could

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<sup>1</sup> W. P. Morrell, Britain in the Pacific Islands (London,1960), p.289.

be used for social development as well. Hence it was both the expected role and the practical necessity of colonial governments to attract foreign or private capital for economic development. This period often saw vigorous capitalist development with the support of colonial governments. For example, a number of trading and planting companies were formed to mobilize capital in New Caledonia. In the Solomons, the British Company of Lever Brothers obtained an extension of a 'Certificate of Occupation' from the 99 years originally offered by the Colonial Office to 999 years, because the British Governor in the Solomons was anxious to have Levers as a 'millionaire tenant'.<sup>2</sup> The Australia-based Colonial Sugar Refining Company (CSR) came to Fiji at the invitation of Fiji's colonial government and stayed to play a dominant role in Fiji's economic development including the building of basic infrastructure.<sup>3</sup>

In return, local resources were heavily exploited. These private companies were attracted to the Pacific mainly because of the perceived potential of enormous returns, as the Chairman of Lever Brothers observed, "There are millions of acres of waste land in tropical countries waiting to be developed, and all that is wanted is a little help from the authorities to convert waste tropical possessions into veritable gold mines, producing wealth beyond the dreams of avarice".<sup>4</sup> Where the availability of land and other resources justified it, the Pacific colonies saw the quick growth of private and foreign investment especially in plantation agriculture and mining.

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<sup>2</sup> J. A. Bennett, Wealth of the Solomons, (Honolulu,1987), p.129.

<sup>3</sup> H. C. Brookfield, Colonialism, Development and Independence, (London,1972), p.55.

<sup>4</sup> Bennett, Wealth of..., p.125.

The exploitation of local resources was particularly severe after the First World War when the idea of "dual mandate"<sup>5</sup> was in vogue. It suggested that the outcome of development in colonies had to be two-fold; for the betterment of the 'backward races' and for the benefit of mankind in general. The latter could be achieved by the release and utilization of resources previously ignored. The wealth of the world should not lie untapped because of the inability or the incompetence of the people to exploit those resources that were all about them. This, combined with the existing mercantilist aim of generating maximum returns, led to the exploitation of natural resources which in some cases were depleted under colonialism. The phosphate deposits of Kiribati, for example, were exhausted in the 1970s leaving few land-based resources for development after independence.

Another outcome of the promotion of private investments was the establishment of an export economy which often did not take into consideration the ability or readiness of the colonial peoples colonies to participate in the process, especially as suppliers of capital or labour. These two key factors were to be imported instead. Therefore the role of colonies was limited to suppliers of raw materials, and with this, a chance for genuine economic development of colonies was very limited. Besides, efforts from colonial powers would concentrate only on the modern, exported-oriented sector which did not involve or directly benefit the majority of the islanders; therefore they were left in traditional subsistence. Economic dualism was thus created. In Fiji, for example, economic development was based on a sugar industry using imported capital and labour, while the majority of Fijians were left in subsistence. Dualism itself hindered further economic

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<sup>5</sup> The main source of this idea was from the work of Frederick Lugard, former British High Commissioner of Northern Nigeria, from his popular book The Dual Mandate in British Tropical Africa. [R. F. Betts, Uncertain Dimension: Western Overseas Empires in the Twentieth Century, (Minneapolis, 1985), p.55].

development, for it limited the spread of the perceived benefits of economic and social development.<sup>6</sup>

Contacts with Europeans and the introduction of a cash economy also brought another adverse aspect to the Pacific islanders. They were gradually being made dependent on imports. Islanders had been encouraged to enjoy western goods since the early days of European contacts. However, with the advent of a cash economy and closer western rule, the demand for western goods grew even further. Those under German rule were expected to develop a "desire for comforts and even luxury which could in turn developed into a striving for individual wealth and competition for material goods".<sup>7</sup> Under German rule, the Micronesians were made to be "good customers".<sup>8</sup> Apart from the creation of demand by western capitalists, the gradual change of the dominant mode of production from subsistence to waged labour meant an increased reliance on cash income and dependence on imported goods and the widening gap between imports and exports.

The First World War brought some changes in colonial affairs. A new idea of an internationalization of colonial activities emerged under the influence of the anti-colonialist US President Woodrow Wilson who persuaded the Versailles Conference that colonies were a "sacred trust" held for the well-being and the development of the colonized rather than the

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<sup>6</sup> Brookfield, Colonialism..., p.72.

<sup>7</sup> J. A. Moses, "The German Empire in Melanesia 1884 - 1914: A German Self-Analysis", in The History of Melanesia, (Canberra, 1969), pp.51-52.

<sup>8</sup> Stewart Firth, "Albert Hahl: Governor of German New Guinea", in Papua New Guinea Portraits: the Expatriate Experience, ed. James Griffin, (Canberra, 1978), p.42.

ambition of the colonizers.<sup>9</sup> Therefore the responsibility of colonial administration should shift from a particular nation to the international community represented in the League of Nations. However, while the United States was opposed to outright annexation, other powers rejected the US idea of international control and supervision. The conflict was finally resolved with a compromise on mandate arrangements that could be modified to meet circumstances.<sup>10</sup> The idea of colonial affairs therefore started to move from the 'civilizing mission' of the 19th century to 'an act of humanity'<sup>11</sup> which prompted colonial reform in the later period.

As political geography was rearranged, colonial territories of the defeated came under the mandate system of the League of Nations. In the Pacific, Nauru became a joint mandate of Australia, New Zealand and Britain, with Australia administering the islands on behalf of the three nations.<sup>12</sup> Of the other German colonies, Western Samoa was to be administered by New Zealand, New Guinea by Australia, and the Carolines, the Marshalls, Marianas and Palau by Japan. In this way, new colonial masters entered the Pacific arena. Furthermore, Britain passed Papua to Australia in 1906 and the Cook Islands to New Zealand in 1901.<sup>13</sup>

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<sup>9</sup> Betts, Uncertain..., P.13.

<sup>10</sup> Barrie Macdonald, In Pursuit of the Sacred Trust : Trusteeship and Independence in Nauru (Wellington,1988), PP.6-7.

<sup>11</sup> Betts, Uncertain..., p.48.

<sup>12</sup> R. C. Thompson, Australian Imperialism in the Pacific (Melbourne, 1980), p.212.

<sup>13</sup> C. H. Grattan, "The Southwest Pacific Since the First World War: A Synthesis", in Australia, New Zealand, and the Pacific Islands Since the First World War, ed. W. S. Livingston and Wm. R. Louis. (London,1979) p.204.



Yet the inter-war period saw the departure from the theory of the sacred trust in the mandated areas and the worsening economy of Pacific islands in most cases. New Zealand was not very successful with its paternalist approach to the economic development of Samoa.<sup>14</sup> Australia held some hope of finding mineral deposits in New Guinea,<sup>15</sup> but benefited more from Nauru's phosphate. More significant was the Australian mercantilism that spread across the whole western Pacific. Australian-based companies, the most important being Burns Philp, expanded beyond New Guinea to Samoa, Fiji, the Solomons, the Gilbert and Ellice Islands and the New Hebrides,<sup>16</sup> investing in plantations, trading vessels, and dominating much of the trade in consumer goods for the whole region until 1946.<sup>17</sup>

Japan had also showed an interest in the Pacific since the 1880s when Japanese commercial fleets came to seek new markets in Micronesia and to set up small trading stores.<sup>18</sup> A decade later, Japan quickly built up its naval force and its potential for imperialist expansion grew so quickly that it soon alarmed western powers. Yet its imperialist moves were limited to East Asia. Japan did not pursue an expansionist policy in the Pacific until the First World War when it seized German colonies on behalf of the Allies.

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<sup>14</sup> M. Boyd, "The Record in Western Samoa to 1945" in New Zealand's Record in the Pacific Islands in the Twentieth Century. ed. A. Ross (London,1969), pp.133-139.

<sup>15</sup> Thompson, Australian..., p.214.

<sup>16</sup> K. Buckley and K. Klugman, The Australian Presence in the Pacific: Burns Philp 1914-1946. (Sydney,1983), p.38.

<sup>17</sup> Brookfield, Colonialism..., pp.67-68.

<sup>18</sup> M. R. Peattie, Nanyo: The Rise and Fall of The Japanese in Micronesia, 1885-1945. (Honolulu,1988), p.21.

The Japanese presence in Micronesia intensified capitalism there. Japan alienated large amounts of native land to provide for plantation development and brought in thousands of migrants (who eventually outnumbered the Micronesians) and developed new industries, improved shipping and other infrastructure services all of which contributed to the consolidation of its position. Although these economic activities thrived, they were not meant for the benefit of the Micronesians. Micronesian resources were used for the benefit of Japan and the prosperity ended with the departure of Japan. Under American administration after the Second World War, Micronesia could not revive the economic activities that Japan had started.

The theory of the sacred trust therefore was not very successful in practice and, as a French colonial minister observed, "there is no real difference between a colony and a mandated area".<sup>19</sup> However, there were signs of change in the administration of colonies as early as the 1930s. It was a time of the great economic depression and many entrepreneurs were in trouble. The metropolitan governments began to intervene more directly in economic development. To keep planters in business, for example, aid was granted to them either directly or indirectly through strong deflationary measures and market intervention. Tariff protection was also introduced along with other policies such as 'Imperial Preference' from which Fiji (and the CSR) benefited enormously in its sugar exports. This changed in policy was a sign that the metropolitan governments were beginning to accept a more direct responsibility in the development of their colonies.

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<sup>19</sup> Betts, Uncertain..., p.62.

It was also a sign for the beginning of opposition to an exploitative colonialism caused and carried on by capitalism.<sup>20</sup> This was again reinforced by Britain. A short time before the Second World War, Britain started to formalize this new policy by passing the 'Colonial Development and Welfare Act' in 1940, allocating £ 5 million annually on welfare and development.<sup>21</sup> France in 1931 made a similar move by passing legislation authorizing loans of about 1.8 billion francs for colonial undertakings that would make local economies more profitable. At a 1934-35 Imperial Conference in Paris, more than 300 delegates representing various colonial interests tried to provide the government with an overall plan for colonial development which would insure a profit for the nation. The proposal was however eventually turned down by the Minister of Finance.<sup>22</sup> It was not until after the Second World War that this new trend was more widely practised when the worsening economic situation of most colonies was clearly seen. A new concept of development and the practice of formal financial assistance were among the after-effects of the Second World War which greatly altered the perceptions of all countries concerned and shaped a new aspects of relations between them.

Although there had been many changes in Pacific island economies, there had been less social development. As people became more involved in the cash economy, they became increasingly aware of their educational limitations. In the Solomons, for example, there had been a growing desire among the islanders to "learn reading and writing" since the end of the 19th century, and many adopted Christianity in the hope that they could acquire

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<sup>20</sup> Brookfield, Colonialism..., pp.81-82.

<sup>21</sup> *Ibid*, p.82.

<sup>22</sup> Betts, Uncertain..., p.98.

the knowledge of Europeans - a desire that was still strong in the 1930s.<sup>23</sup> More advanced education along European lines was in great demand among islanders. For example, it was the biggest need of the Ellice islanders who wanted to obtain government jobs.<sup>24</sup> The desire for an 'English education' drew pupils from various islands in the Cooks to Tereora where the best education was available.<sup>25</sup> Nevertheless, some colonial governments did not want to invest much in advanced education. For example Gudgeon, the Resident of the Cook Islands, opposed to the proposal of New Zealand government to raise the educational standard, claiming that there were already too many 'educated' islanders who hated work on the land which was their 'true' work; Gudgeon believed that if they could not find 'white collar' jobs with the government in Rarotonga, they would go to New Zealand and become 'drunken loafers'. The education they received in the pastors' schools was good enough for their conditions of life, he maintained.<sup>26</sup> In New Guinea under Australian administration, there was a similar thinking that educated New Guineans would find no place in the government. There was also a fear among the non-government western circle that advanced education would stimulate antagonism of white people, "for it means that the coloured man, as he becomes divorced from his native life and occupations and is equipped for trade and skilled handicraft, becomes a competitor instead of being mere a hewer of wood and a drawer of water".<sup>27</sup> Native education, therefore, was the most sterile of all

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<sup>23</sup> Bennett, Wealth of..., p.258.

<sup>24</sup> J. R. McCreary & D. W. Boardman, Some Impressions of Social Change in the Gilbert and Ellice Islands: A Report to the Resident Commissioner, (Wellington, 1968), p.20.

<sup>25</sup> Richard Gilson, The Cook Islands 1820 - 1950 (Wellington, 1980), p.76.

<sup>26</sup> *Ibid*, p.171.

<sup>27</sup> B. Jinks, P. Biskup, and H. Nelson, Reading in New Guinea History (Sydney, 1973), p.285.

the Australian undertakings. Within these circumstances, modern education was limited to primary or, at best, a basic post-primary level.<sup>28</sup> In general, education was left in the hands of missionaries with meagre budgetary support from the colonial governments. The islanders were subjected to bear the costs of education as well. Cook Islanders, for example, had to take responsibility for maintaining school buildings, providing food and lodging for teachers, and paying for books and supplies for their children.<sup>29</sup> With such limitations, only a limited number of children, most of whom were from socially or economically advantaged family backgrounds, could be admitted.

In contrast, education in Micronesia under the Japanese mandate made more rapid strides. By 1935, more than half of the Micronesian children received free education in 23 government schools which also provided free food and lodging for pupils from outer islands. However, the real goal was not for the sake of islanders but was to Japanize the population, with Japanese language being used to supplant English.<sup>30</sup>

The problem of public health was considered to be a matter of greater urgency than education. All colonial governments paid some interest to health services but the success of health services also depended greatly on the funds available, and the budget itself was subjected to restrictive government policies on expenditure. While the US government put much effort into improving public health and the sanitary system in Guam,<sup>31</sup> there was only

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<sup>28</sup> *Ibid*, pp. 282 and 284.

<sup>29</sup> Gilson, The Cook Islands..., pp.169-172.

<sup>30</sup> E. E. Cockrum, The Emergence of Modern Micronesia (Michigan,1970), pp.85-86.

<sup>31</sup> *Ibid*, pp.126-127.

one medical officer for the Cook Islands who was based at Avarua and visited other islands once or twice a year with a day or two at each island. The belief that islanders were a 'dying race' and would continue to perish despite medical services, together with the lack of knowledge on tropical diseases, contributed to the lack of funding and hence the slow development of medical services in the Cook Islands before the 1920s.<sup>32</sup> Australia did not spend much on the health issue in its territories. Hospitals were built for the islanders from 1922 and hospitals for Europeans were also built in 1929. It was estimated that the ratio of the islanders treated to the total population was only 1:21 while that ratio of Europeans in New Guinea was 1:3.<sup>33</sup> Health services in the Pacific colonies in general still needed to be improved and expanded.

Therefore the idea of "well-being and development" of the colonized, as appeared in the League Covenant, was not a general practice before the Second World War. It was not until the 1940s that social development was reconsidered and enhanced in the British Development and Welfare Act which started the post Second World War trend to concentrate more on social development which could only be paid for through aid. Better and improved living standards and western education would raise the natives' ambition and expectation beyond the capacity of the local resources. This social development, coupled with economic development that had already caused a certain degree of dependency on external assistance, contributed even more to the trend.

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<sup>32</sup> Gilson, The Cook Islands..., pp178-180.

<sup>33</sup> Jinks *et al*, Reading..., pp.276-278.

There were similar developments on the political front. The Soviet Union had called for independence of all colonies as early as 1917 and even President Wilson's Fourteen Points had mentioned the principle of self-determination. It could be argued that the idea of the decolonization of non-settler territories started at this time and was best reflected in developments in India. Yet it was accepted as 'applicable' only to former German colonies, and the applicability went no further to the British nor French empire.<sup>34</sup> Calls for decolonization were only 'verbal onslaughts' which could not influence European empires. Colonial powers still believed that a transfer of power would only lead to 'renewed anarchy of a pre-colonial sort'<sup>35</sup> and thus European control was indispensable. It was not until after the Second World War, when westernizing processes began to impinge upon non-European societies and created the conditions for mass nationalist responses,<sup>36</sup> that decolonization moved quickly.

In approximately one hundred years from the earliest annexations to the World War, western colonial rule had brought the Pacific islands from their life of affluent subsistence to the verge of a new economic plight. This was done by the deepening penetration of capitalism coupled with colonial policies that saw local resources exploited, local people mobilized and the general physical and cultural environment altered to suit European needs and expectations.<sup>37</sup> Despite the different nature of these policies, some powers were

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<sup>34</sup> Betts, Uncertain..., p.44.

<sup>35</sup> *Ibid*, p.47.

<sup>36</sup> R. F. Holland, European Decolonization 1918 - 1981: An Introductory Survey (London, 1985), p.1.

<sup>37</sup> Betts, Uncertain..., p.11.

more exploitative than others, they shared the same outcome of leading Pacific polities towards more and more dependency on external factors - the outcome that was to be repeated and reinforced in the post Second World War period.





### Chapter 3

#### The Aftermath of the Second World War

The Second World War brought violent and widespread conflict to the Pacific islands and had a major effect on colonial issues. It raised doubts over the rights and roles of European powers in the colonial world, downgraded European prestige, and created new conditions that led eventually to the end of European empires through the decolonization process.

Toward the end of the Second World War, the future administration of colonial territories was widely discussed. In particular, the US idea of internationalization of colonial responsibilities became an important subject of debate. Nevertheless, the world powers differed on the issue of colonialism. Britain wanted to retain its colonies. As Churchill announced in 1942, "I have not become the King's First Minister in order to preside over the liquidation of the British Empire".<sup>1</sup> In 1944, Churchill again defended Britain's rights and status, confirming that "'Hand Off the British Empire' is our maxim".<sup>2</sup>

France shared the British opinion. At the end of the Second World War it regarded its colonies as beneficial, a major source of national regeneration and an essential factor in France's continuing role as a great power. France therefore refused self-government for its

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<sup>1</sup> John Darwin, Britain and Decolonization: the Retreat from Empire in the Post War World, (New York, 1988), p.42.

<sup>2</sup> *Ibid*, p.40.

colonies.<sup>3</sup> In this part of the policy, however, France differed from Britain which finally moved towards decolonization.

While countries like Britain and France wanted the *status quo* and the chance to make their own policies, Australia and New Zealand favoured the idea of internationalization and trusteeship of colonies which was the US stance that resulted eventually in the creation of the Trusteeship Council within the United Nations. The Soviet Union also wanted an end to colonial empires, and urged independence for them. The United States, however, was divided. The Army and the Navy viewed that the US "must keep full control of most of the Pacific bases taken from the Japs".<sup>4</sup> The State Department, however, was afraid that such a move would set a precedent to other powers and therefore wanted trusteeship, viewing that "America's best interests lay in wholehearted support of the United Nations, and that any reservations to such a commitment meant subverting the chances of maintaining peace through that organization".<sup>5</sup> The result was a 'strategic trusteeship' with the United Nations empowering the US to establish naval, military and air bases and fortifications in the trust territory.<sup>6</sup>

Gradually, however, the extensive economic damage that colonial powers had suffered, increasing colonial nationalism and resistance to colonial rule, and mounting

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<sup>3</sup> R. F. Betts, Uncertain Dimensions: Western Overseas Empires in the Twentieth Century, (Minneapolis, 1985), p.190.

<sup>4</sup> Harold F. Nufer, Micronesia Under American Rule : An Evaluation of the Strategic Trusteeship (1947 - 1977) (New York, 1978), p.27.

<sup>5</sup> *Ibid*, p.27.

<sup>6</sup> *Ibid*, p.29.

international pressure, all forced changes in metropolitan policies and led to the evolution of new ideas about colonial possessions.

Britain's economic strength was considerably reduced by the war. It was estimated that after the Second World War the loss of its national wealth amounted to about £ 2,723 million or about a quarter of the pre-war total. Britain had to seek post-war aid from the US in the form of grants and low-interest loans.<sup>7</sup> In fact, Britain had to rely on Marshall Aid until the end of 1950.<sup>8</sup> Britain's ability to maintain its empire was therefore impaired, and Britain was more inclined to the retreat from empire.

The Second World War was a disaster for France. It was occupied in the European war and lost its Indo-Chinese colonies to Japan. Internal political instability further weakened France. It was not even in a position to take a dominant role in western Europe as intended by the US in its plan to share global security responsibility.<sup>9</sup>

However, giving up political control did not always mean the end of maintenance of economic advantages and a continued privileged political position in the colonies.<sup>10</sup> There were other ways to achieve such aims. Multinational corporations, for example, could outdo the formal colonial rule in the control of resources and at a lower cost. Giving up formal

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<sup>7</sup> H. Pelling, Britain and the Second World War (Glasgow, 1972), pp.275-6.

<sup>8</sup> G. D. N. Worswick, 'The British Economy, 1945-50', in British Economy 1945-1950 eds. G. D. N. Worswick and P. H. Ady, (London,1967), p.1.

<sup>9</sup> D. W. Urwin, Western Europe Since 1945 : A Political History (London, 1989), pp.58-9.

<sup>10</sup> Betts, Uncertain..., p.197.

control of colonies was in fact rather an attractive policy to suit the post-war conditions of European colonial powers.

While the European powers were inclined to retreat from colonial control, there were important changes in the colonized territories. The isolation of colonial masters from their colonies during wartime had major consequences. The weakness of colonial rule and the inability to provide protection were suddenly disclosed. The Dutch put up little resistance to Japanese invasion of its East Indies. The French Indo-Chinese government behaved like a puppet state under Japanese dominance and, when Japan decided to take direct control of Indo-China, it "swept away in a few hours eighty years of white supremacy".<sup>11</sup> Indigenous people were brought in to, or had to, fill European administrative roles during the war, particularly in Indo-China and Indonesia. The indigenization of the civil service in India, initiated by Britain, intensified during the war. Administration efforts in Africa turned away from servicing the needs of local people to the primary task of supplying raw materials to the Allies. Gradually, therefore, the power and foundation of European authority was undermined, together with the justification for the domination of non-white races. At the return of peace, with the implied return to modes and moods of previous colonial domination, the rights and roles of European masters were therefore under question. The *status quo* was hard to accept. Demands for independence crystallized, especially in India which had already been under gradual development for self-government.

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<sup>11</sup> *Ibid*, p.201.

Nationalist movements therefore emerged as a new development of the post war era. In many colonial countries of Asia and the Pacific, Japan's harsh and brutal occupation had helped unify and strengthen indigenous people behind the nationalists who wished to rid their lands of all foreign oppressors, either Japanese or European.<sup>12</sup> Nationalist movements therefore became widely and rapidly popular. Fuelled by the Indian example, calls for decolonization were intensified and extended world-wide.

Post war international forums such as the United Nations became a new, more effective channel to express the discontents of the colonized. There were increasing contacts and cooperation within the so-called Third World. For example, at the Bandung Conference in 1955, 29 countries representing more than half of the world's population declared their opposition to continued 'colonialism in all of its manifestations'.<sup>13</sup> Opposition from the colonized was aired more effectively. Besides, in many countries, opposition to continued colonial rule took on a more aggressive or violent form. Anti-colonial nationalism was difficult to ignore.

Another force for decolonization in a global context was from the Cold War rivalry in the new world order. The Soviet Union became a world superpower. Its anti-colonial stance was most effectively pronounced at the end of the Second World War when communism became an attractive ideological alternative in the colonial world. The transportation of terms, so that industrial exploitation became colonial exploitation of the oppressed

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<sup>12</sup> *Ibid*, pp.192-3 and 201.

<sup>13</sup> Encyclopaedia Britannica Micropaedia, vol.1, c.1985, p.863.

nations by the imperialist nations, was easily effected and appreciated by a large number of colonized people.<sup>14</sup> Its opinion and calls were therefore to have a considerable effect and attention. To counter the Soviet propaganda, the United States which assumed a world role with the weakening of old powers like Britain, also adopted an anti-colonial policy. Hence international pressure put on colonial powers was felt through the anti-colonialist policy of the two superpowers.

The cold war added a further dimension to the international pressure. Both the United States and the Soviet Union sought to attract 'client states' to their 'camps' and tried to establish spheres of influences around the world.<sup>15</sup> In this attempt, coupled with the needs to acquire strategic bases for potential missile warfare, the superpowers had interests in the former European colonial empires. Having influence in these dependencies, through promoting independence, could enable them to acquire the bases or cooperation needed. Independence for these dependencies was therefore pushed for.

With the three forces of European retreat or impaired ability to maintain empires, colonial opposition and international pressure, decolonization began to take shape, with emphasis on the political and economic reform of colonies. In 1949, Britain offered to "lay the foundations of a sound economy in the colonies and nurture it to strength, lift the masses

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<sup>14</sup> Betts, Uncertain..., pp. 195-6.

<sup>15</sup> *Ibid*, p.196.

from poverty and raise their level of literacy before handing them over to new rulers".<sup>16</sup> Likewise, France eventually accepted that constitutional decisions about the empire's future could no longer be postponed and in 1946 declared its intention to "conduct the people under her charge to a state of free self-determination".<sup>17</sup>

During the decolonization process, colonial reform was supported by metropolitan governments. Direct financial and technical assistance was generously provided. Therefore, almost all of these new states were endowed initially with a European-modeled constitution and also ensured of continuing European economic aid.<sup>18</sup> However, 'neo-colonialism' seemed to set in. Economic domination continued even though political control had ended, through the maintenance of currency control, investment policy and, especially foreign aid. The former colonial powers could use all or any of these tools to continue to exploit their former colonies to their own advantage.<sup>19</sup>

These changes all had an impact on the Pacific islands. The Pacific region had been a major battleground during the Pacific war from December 1941 to August 1944. The Pacific war began when Japan, whose economy was strangled by a western embargo, moved to occupy resource areas in Southeast Asia to sustain its Asian mainland war. Japan's plan was to expand the perimeter of the Japanese empire to include Hawaii, Kuril, Wake, the

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<sup>16</sup> *Ibid*, p.61.

<sup>17</sup> Hugh Tinker, Men Who Overturned Empires : Fighters, Dreamers and Schemers (London, 1987), p.13.

<sup>18</sup> Betts, Uncertain..., p.206.

<sup>19</sup> *Ibid*, p.197.

Marshalls, Gilberts, the Bismarck Archipelago, New Guinea, Timor, Indonesia, Malaysia and Burma. As the League of Nations' administrator of the Marianas, Marshalls and Carolines, Japan had already established fortified bases in Micronesia contrary to the terms of its mandate. The first phase of its plan was easily accomplished, following the attack on Pearl Harbour on 8 December, 1941. Guam and Wake were taken soon after. Rabaul on New Britain was seized in January 1942 and heavily fortified. Nauru fell under Japan in early 1942; its phosphate which was already in great demand<sup>20</sup> was exported immediately for Japan's use.<sup>21</sup>

Japan's plan to occupy Pacific islands was countered by the Allies in mid 1942 in the Battle of Midway, and then the Battle of the Coral Sea which prevented the occupation of Papua and the Solomons which Japan planned as preliminaries to the seizure of New Caledonia, Fiji and Samoa, and thus the isolation of Australia and New Zealand. Other major confrontations during 1942 and 1943 were at the Kokoda Track in New Guinea, at Guadalcanal, and at Bougainville. Allied western bases were established in Fiji, Tonga, Samoa, New Caledonia, the New Hebrides, the Ellice Islands and the Cook Islands.

The Western Allies moved to the offensive from early 1943. Campaigns were directed from the Solomons, through New Guinea and the Philippines towards Japan. Japanese bases in Micronesia were attacked and by the early 1944, the Micronesian campaign had ended.

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<sup>20</sup> Japan imported nearly a million tons of Nauru's phosphate per year to be processed into superphosphate for its empire. (Sir Albert Ellis, Mid-Pacific Outposts (Auckland, 1946), p. 18.

<sup>21</sup> *Ibid*, p.18.



Many Pacific islanders were involved with the war. About 2,500 islanders fought along side with westerners as soldiers in the Pacific Islands Regiment. More than 2,000 Fijians were in military services, mostly as scouts in the Solomons campaign. Many more became, through a voluntary basis and conscription, bearers and labourers. In Papua New Guinea, for example, more than 50,000 men were in this hard and harsh service with little pay. The war also demonstrated to islanders a world of high-technology and a much broader concept of outside world. At the other end, many islanders enjoyed a good time of quick and easy money, especially where American soldiers had been.

The Americans left another kind of impact. While islanders in the Pacific Islands Regiment had experienced some segregation and racial discrimination, black American soldiers appeared on the equal terms with white American soldiers: a remarkable transformation of the 'usual' relationship between races. Moreover, islanders' attitude toward westerners had changed. Islanders used to regard westerners as 'sort of gods' and never expected to be given an opportunity to argue with them. Islanders had a more realistic view after the War, as one Gilbertese said, "I always regarded Europeans as superior, now I know they can make mistakes like anyone else".<sup>22</sup>

Distrust, frustration and discontent also occurred. With the Japanese forces approaching, colonial masters in some places fled ignominiously, leaving islanders defenceless. Post-war promises from western powers over wages and improved conditions were not always fulfilled. In particular, a failure to give land and pensions became a major grievance

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<sup>22</sup> J. R. McCreary and D. W. Boardman, Some Impressions of Social Change in the Gilbert and Ellice Islands: a Report to the Resident Commission., (Wellington, 19680, pp. 62-3.

and added to the negative feelings of those trying to find a place for themselves in a changed world.

With these new perceptions and feelings, it can be said that the war had in many ways revised images of colonial masters and generated the desire for a change of relationship between islanders and colonial masters, even a change of colonial masters, with the United States being particularly in demand, or even an end to colonialism altogether.

Resentment and frustration of islanders took on some concrete responses. In the Solomons, for example, Maasina Rule tried to establish its own administrative structures and development programmes independent of government.<sup>23</sup> Although the movement was suppressed by the government, it succeeded in provoking substantial reform. The arrival of the Americans in the New Hebrides with wealth in their presence revived and increased the popularity of the John Frum movement which portrayed an ideal world without work and illness, but with schools and abundant in consumer products. The resurgence of the Mau in Western Samoa had the most anti-colonial nature. Most of these movements, however anti-colonial they might have been, generally sought a revision of existing structure rather than the rejection of it or the creation of an independent future.

In some Pacific islands, notably Samoa, nationalist feeling coincided with the desire of colonial powers to lessen their burdens on colonies to suit their new post-war condition

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<sup>23</sup> Judith A. Bennett, Wealth of the Solomons: a History of a Pacific Archipelago, 1840 - 1978, (Honolulu, 1987), p.309.

and limitations, and especially their weakened economic strength and the global pressures as previously discussed. However, as the strategic importance of Pacific islands had been highlighted, the new United Nations created a 'strategic trust' to accommodate the US interests in Micronesia. Elsewhere, economic and strategic interests remained important and became one of the key obstacles to complete decolonization of the Pacific.

Despite some obstacles to complete decolonization, there was a good prospect for the decolonization process in many Pacific islands. The process consisted of political, economic and social aspects: political development aimed to prepare islanders for self-government, while economic and social development advanced with much quicker pace than the pre-war period. This was partly because the war had created the need for urgent economic reconstruction and also because of the emergence of the Cold War which made the metropolitan powers determined that the new independent states would remain firmly within the 'free-world camp'. This, too, encouraged the development of policies that could provide improved social and economic development for islanders.

Britain which had led the way in colonial development since the 1930s continued to take the lead and, in 1945, extended the Colonial Development and Welfare Act.<sup>24</sup> In general, the main emphasis of economic development was upon post-war reconstruction and the re-establishment of the export economy and infrastructure. Most projects for social development, especially in public health services and education, incurred continuing costs far beyond the capacity of local revenue, and thus required external financial assistance for capital and recurrent costs, commencing an era of grants and aid in the region.

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<sup>24</sup> R. F. Holland, European Decolonization 1918 - 1981 : An Introductory Survey (London, 1985), p.56.

When Samoa became independent in 1962, decolonization in the Pacific gained momentum, culminating in the independence of most states by the end of the 1980s.

During the decolonization process, negotiations played the most important role and were used by all parties concerned. The negotiations covered the whole range of decolonization process: the constitutions which would set the desired form of government and settle important issues such as ethnic or minority problems, rights to land, post-colonial relations in defence and foreign affairs, and financial assistance.<sup>25</sup>

Separatist movements and 'incomplete' decolonization are among important points in the decolonization process which contribute to the understanding of post-colonial developments and the perception of 'security' in the Pacific.<sup>26</sup> There were a series of separatist movements during the decolonization of island countries which raised the question about state boundaries in many island countries. For example, the Ellice Islands separated from the Gilbert and Ellice Islands colony to become Tuvalu. Banaba attempted to separate from Kiribati. The US Trust Territory of Pacific Islands divided into four countries: the Commonwealth of the Northern Marianas, the Federated States of Micronesia, the Marshall Islands and Palau. There were also numerous separatist declarations - for instance, in the North Solomons in 1975, in Port Moresby by Papua Besena in the same year, and in Luganville by Vemarana in 1980. In fact, only Western Samoa, Nauru, Fiji and Tonga have become fully independent without separatist questions. These issues were inherited from

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<sup>25</sup> Peter Larmour, "The Decolonisation of the Pacific Islands" in Ron Crocombe and Ahmed Ali (eds.), Foreign Forces in Pacific Politics (Suva, 1985), pp.2-9.

<sup>26</sup> For example, the Solomon Islands' sympathy with Bougainville separatist moves in the 1980s and 1990s.

arbitrary division or inclusion of the Pacific polities in colonial times regardless of their ethnic differences or linkages which saw, for example, Bougainville incorporated with Papua New Guinea instead of Solomon Islands, and Banaba included to the Gilbert and Ellice Islands.<sup>27</sup> These issues have become a potential 'bone of contention' in Pacific politics: the most notable incidents being the Bougainville crisis, and therefore have serious implication to the security question.

Furthermore, decolonization is not fully complete. While New Caledonia, French Polynesia, Wallis and Futuna, American Samoa, Tokelau and Palau are yet to be decolonized, the Cook Islands and Niue have become self-governing in free association with New Zealand. Among dependencies that have become fully independent are Western Samoa (1962), Nauru (1968), Fiji (1970), Papua New Guinea (1975), the Solomon Islands (1978), Tuvalu (1978), Kiribati (1979), Vanuatu (1980), and Tonga which made a 're-entry into the Comity of Nations' in 1970.<sup>28</sup> The US-administered trusteeship of the Federated States of Micronesia, the Republic of the Marshall Islands and the Commonwealth of the Northern Marianas was terminated in December 1990, leaving only Palau in the trusteeship while the other three entities entered Compacts of Free Association with the US.<sup>29</sup> Other countries have opted for a constitutional status that continues colonial relationship (such as Tokelau with New Zealand), some have made concessions in their sovereignty in defence and foreign affairs relationships. In both cases, such steps are taken in return for guarantees on future

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<sup>27</sup> Larmour, "The Decolonization...", pp.10-11.

<sup>28</sup> Barrie Macdonald, "Decolonization and Beyond: the Framework for Post-Colonial Relationships in Oceania", *The Journal of Pacific History*, vol.XXI, no.3, July, 1986, p.115.

<sup>29</sup> *New Zealand External Relations Review*, vol.41, no.1, October-December, 1990, p.58.

economic, social and strategic security.<sup>30</sup> This is true, for example, of the Cook Islands and Niue with New Zealand.

Secondly, a number of Pacific islands have importance for their former colonial masters in strategic and security matters which contribute to the modification of decolonization or a delay in independence. Papua New Guinea, for example, had its independence process shaped by its strategic importance to Australia. Apart from the strategic issues, Papua New Guinea also has great economic potential. It is therefore not surprising that the first thinking of 'independence for Papua New Guinea' was the proposal to grant Papua New Guinea self-government within the Australian Commonwealth. It was only with increasing international pressure in the 1960s that Australia accepted complete independence as the ultimate goal.<sup>31</sup> Nevertheless, even in the mid-1960s, Australia did not think that Papua New Guinea would become independent in the near future.<sup>32</sup> There was no sense of urgency from Australia which believed that internal responsibility could be passed to Papua New Guinea between 1972 and 1976 or even at a later date but that Australia would retain final authority over important issues such as the judiciary, internal security, civil aviation, defence and external affairs. In practice, however, Papua New Guinea opted to have an election for self-government in 1972 and independence was granted in 1975 though with agreements that left Papua New Guinea heavily reliant on military and financial assistance from Australia.

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<sup>30</sup> Barrie Macdonald, "Decolonization...", p.125.

<sup>31</sup> G. K. Goodman and Felix Moos, The United States and Japan in the Western Pacific: Micronesia and Papua New Guinea (Boulder, Colorado, 1981), p.111.

<sup>32</sup> D. A. Shand, "Australia: the Intermediate Umbrella" in Foreign Forces in Pacific Politics, eds. Ron Crocombe and Ahmed Ali, (Suva, 1985), p.80.

The phosphate-rich Nauru which came under the joint responsibility of Britain, Australia and New Zealand, had both strategic and economic importance. While New Zealand wanted to offer independence as early as 1968, Britain would agree to independence as a last resort, and Australia did not even want to contemplate independence. When negotiations began, Britain and Australia shared the view that small Pacific island states posed a potential security risk to powers in the region. Initially, therefore, both powers wanted to offer a limited form of independence with the administering powers retaining responsibility for Nauru's defence and external affairs, and with Nauru in association with Australia. Further, Nauru's phosphate made the powers reluctant to withdraw: they enjoyed monopoly right over the phosphate deposits and the high price. Agriculture in Australia and New Zealand became heavily dependent on Nauru's phosphate. Yet they tried, unsuccessfully, to separate the issues of phosphate and independence so that decolonization would not look as attached to 'commercial considerations'. The Nauruan side noted that "the partner governments seemed to want to protect their interests in the phosphate industry before proceeding to the consideration of a political settlement".<sup>33</sup> The negotiations were complicated and far from unanimous. Apart from an attempt to keep Nauru in association with Australia, Britain proposed unqualified sovereign independence if phosphate access could be secured to partners. Finally, with the help from international pressure, Nauru gained unconditional independence in 1968.<sup>34</sup>

Decolonization was also delayed in the US 'strategic trust' consisting of the Commonwealth of Northern Marianas, Marshall Islands, Palau and the Federated States of

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<sup>33</sup> Barrie Macdonald, *In Pursuit of the Sacred Trust: Trusteeship and Independence in Nauru* (Wellington, 1988), p.53.

<sup>34</sup> *Ibid*, pp.50-57.

Micronesia. The strategic importance of these islands to the US had been enhanced by the Vietnam and Korean wars and other strategic developments such as the US reduction of its military forces in Japan in the 1970s and the instability of its military arrangements with the Philippines. The strategic importance of these Micronesian islands to the US led eventually to the prospect of the US permanent control. This was achieved directly in the case of the Commonwealth of the Northern Marianas. For the other countries, the US developed a 'Compact of Free Association', in which each Micronesian government was given control over its external affairs but its moves can be overruled by the US should the US consider them to affect the defence interest of the US. All the islands in the strategic trust except Palau have opted the Compact with a definite but renewable time frame with the exception of defence arrangements that were to last much longer than the Compact itself and could be up to 100 years.<sup>35</sup> In the case of Palau, negotiations have been held up over the issues of Palau's anti-nuclear constitution. However, with the severe economic dependency of these territories and the grave security concerns of the US, the Compact of Free Association is likely to be interminable.

The prospect is similar for the French territories in the Pacific: French Polynesia, New Caledonia and Wallis and Futuna. These islands were important to France both strategically and economically, especially nickel from New Caledonia.<sup>36</sup> France's national prestige to retain colonial territories as a frontier for French cultures is equally important. Moreover, in the mid 1950s, France began an independent nuclear testing programme which was first carried out in Algeria. After Algeria achieved its

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<sup>35</sup> Larmour, "The Decolonisation...", p.13

<sup>36</sup> Robert Aldrich and John Connell, France's Overseas Frontier (Cambridge, 1992), p.41.



independence in 1962, the nuclear test programme was transferred to Moruroa in the French Polynesia, and thus increased the strategic importance of French Pacific territories.<sup>37</sup> The decolonization process for these territories were also through referenda whether to continue France's rule under the new names of the Overseas Departments (DOMs) and the Territories Departments (TOMs). The referenda, however, were accompanied by President De Gaulle's 'apocalyptic' clarification of the outcomes of the choices, "If you say YES to the referendum, France will consider you have accepted to remain with her for better or for worse. You have determined yourselves the manner of your internal independence in the Fraternal French Community. If you vote NO, France will know that you have chosen to leave the nest and she does not expect you to return. She will wish you luck and cease all material and moral aid since you have considered yourself capable...of earning your own way by yourselves".<sup>38</sup> This was confirmed in practice with France's apparent unwillingness to negotiate aid arrangements with Vanuatu in retaliation to the latter's rejection of France at independence.<sup>39</sup> Therefore, for the three Overseas Territories of France, independence or even some liberal form of free association seems to be unlikely.

The economic and strategic importance of some islands as mentioned has not only delayed or impeded independence or negotiated full sovereignty, it also secured them of substantial aid. While there are many reasons why aid per capita in the Pacific is among the world's highest level, as will be further discussed in Chapter 4, the economic and strategic importance of Pacific islands countries significantly contribute to this outcome. The

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<sup>37</sup> John Chesneaux, France in the Pacific: A Tentative Analysis (Canberra, 1987), pp.1-2.

<sup>38</sup> Larmour, "The Decolonisation...", p.7.

<sup>39</sup> *Ibid*, p.3.

development of dependency which was shaped during almost a century of colonial influence, and considerably enhanced in the post Second World War era, seems to have put most of the Pacific island countries in a state of permanent dependency on their metropolitan and other powers, long after their political independence has been achieved, making aid one of the most prominent issues in Pacific affairs.



## PART TWO

Part two of the thesis explores the linkage between aid issues in the Pacific island countries and the security concerns of major donors.<sup>1</sup> Chapter four discusses the nature of island economies and the need of many Pacific island countries to have external assistance, and looks at the overall situation of aid in these countries with particular attention to bilateral aid. Chapter five discusses in more detail the various security issues in the Pacific region; these include economic and political aspects as well as strategic concerns. Chapter six shows how these security concerns are linked with aid policies and the actual aid given in the region.

The terminology and definitions of aid used in data collection and tables/graphs presented are used according to the definition of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). Aid refers to all flows to developing countries which qualify as 'official development assistance' (ODA). As well as grants, these include loans for the promotion of economic development and social welfare and with a concessionary grant element of at least 25 per cent. In addition to financial flows, technical cooperation can be included in aid.<sup>2</sup> Developing countries can also benefit through special trading agreements with developed economies which can provide favourable terms for their products. These agreements include the European Community's Lome Conventions, the STABEX scheme and the South Pacific Regional Trade and

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<sup>1</sup> As the focus of the thesis is not on the effectiveness of aid in economic development, this issue will not be discussed.

<sup>2</sup> South Pacific Aid Research Newsletter, No.1, August 1980, p.3.

Cooperation Agreement (SPARTECA) as well as bilateral trade agreements. Therefore, in some parts of the discussion, aid is referred to in a broader sense to include the less tangible benefits of preferential trade.

It should also be noted that complete figures on aid flows in the Pacific are not available. As noted by the South Pacific Commission, this is because the compilation of foreign aid flows is complicated by inconsistencies in data supplied by donors and recipients and the need to use information from other sources which may not use the same statistical system.<sup>3</sup> Furthermore, the conversion between different currencies can slightly change the final figures. Therefore, aid flow data presented in this thesis should not be regarded as precise or absolute but rather as indicative of trends.

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<sup>3</sup> South Pacific Commission, South Pacific Economies: Statistical Summary, No.11 : 1987, (Noumea, 1989), p.1.

## Chapter Four

### Aid in the Pacific Island Region

Foreign aid is largely a new phenomenon of the post Second World War era and since that time has had an immense impact on developing countries. Large-scale aid giving began in the 1940s with Britain's endeavour to promote both economic development and social welfare in its colonies alongside the decolonization process. Other colonial powers soon followed suit, leading to colonial reform funded by generous financial and technical assistance. The era of aid giving had begun.

While the immediate post Second World War period was a time of reconstruction and economic and social development, especially in countries directly affected by the war, it was also a time of competition among aid donors. This was the consequence of the East-West confrontation and Cold War that followed the end of the Second World War. The alliance between the United States, Western European countries and the Soviet Union, which was formed out of dire necessity at the beginning of the war and strained by many conflicts during the war years, could not survive after the war. The differences in economic and political visions of the alliance became more vivid through the attempts on post-war resettlement of Europe.<sup>4</sup> Within a few years Europe had been clearly divided into spheres of influence of

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<sup>4</sup> Differences occurred at all conferences - in 1944 at Bretton Woods to lay a new basis for financial system with the formation of the International Monetary Fund (IMF) and the World Bank; in February 1945 at Yalta to settle Europe, especially Poland, question; in April 1945 at San Francisco to establish the United Nations; and

the United States and the Soviet Union. The subsequent tension in East-West relations was inevitable, resulting in much of the world being divided into two opposing blocs. The conflict of such unprecedented scope, however, did not result in total war because the development of nuclear weapons posed too great a danger. The East-West conflict was therefore fought by other means considered to be "cold" such as propaganda, containment, limited violence, political and economic assistance. The latter aspect led to the competition of aid-giving between the Socialist and the 'Free World' camps.

While aid from Britain, France and other Western colonial powers to less-developed countries was a continuation of perceived obligations from colonial times, US aid to these countries began in 1949, sharing over 50% of the total flows from the 'Free World' camp until the 1960s.<sup>5</sup> Open competition between the two blocs started in 1956 when the Soviet Union began to offer development aid to developing countries,<sup>6</sup> challenging the United States as in the building of Egypt's Aswan dam when the Soviet Union offered assistance after the United States cut its promised aid in retaliation for Egypt accepting arms supplies from the Soviet bloc.<sup>7</sup>

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in July 1945 at Potsdam to settle the German question. [John W. Young, Cold War Europe 1945 - 1989: A Political History, (London, 1991), pp.1-3].

<sup>5</sup> Phillips Perera, Development Finance: Institutions, Problems and Prospects, (New York, 1968), pp. 4, 15.

<sup>6</sup> P. W. Preston, Making Sense of Development, (London, 1986), p.88.

<sup>7</sup> Young, Cold War..., *op. cit.*, p.113.

The competition among donors opened up the era of large-scale aid-giving which was reinforced by the United Nations' proclamation of 'Development Decades' starting with the 1960s with the First Development Decade which aimed to increase the GNP of developing countries by five per cent with an emphasis on large infrastructural and industrial projects. However, development projects, many of which were "overly ambitious and unrealistic"<sup>8</sup>, such as hospitals of limited long-term use, often resulted in their operation and maintenance being beyond the means of local technical capacity. The recurrent costs were also far too large to be supported by local resources. This was particularly true in the Pacific region where the resource base was generally narrow, recurrent income was small, and economies of scale were difficult to achieve. Besides, the government sector of recipient countries had to be enlarged to cope with planning and project administration but economic performance was not able to support it in the longer term. Thus, budgetary aid was necessary. Aid has, therefore, led to more aid-dependence and has become indispensable within such development strategies.

Even without this additional burden, most of the Pacific island countries have natural disadvantages which render them aid-dependent. Geographical disadvantages include smallness, remoteness and a narrow resource base. Smallness implies small export quantities and a small revenue base. Remoteness causes costly transport of products, and often means an infrequent service. Wealth from natural resources differ. Rich mineral deposits are found in only a few countries: nickel deposits in New Caledonia are the third largest in the world, Nauru had large phosphate deposits though these are now close to exhaustion. There are huge

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<sup>8</sup> Te'o I. Fairbairn, "Economic Forces: Constraints and Potentials", in Foreign Forces in Pacific Politics, ed. Ron Crocombe and Ahmed Ali, (Suva, 1985), p.235.

deposits of gold and copper in Papua New Guinea though mining is difficult. Vanuatu, Solomon Islands and Fiji also have considerable mineral resources.

Most of the smaller islands, especially atolls, do not have such wealth. Tuvalu, for example, has no significant natural resources except for the ocean that surrounds its islands. Even the basic resources like land and fresh water can be extremely scarce in some low-lying atolls. However, most Pacific islands are susceptible to recurrent natural disasters like tropical cyclones which can cause severe economic setbacks. These natural disadvantages further weaken the Pacific island countries' potential to compete successfully in the world market. Moreover, the man-made problem of environmental degradation which has its origins outside the region further threatens to obstruct economic activities and will be costly to solve.

While natural disadvantages are constraints in economic development, and render the Pacific islands countries aid-dependent, other factors also help to account for, and enhance, this aid dependency. These include the island countries' colonial history as discussed in the previous chapters, and development problems. These problems are caused by shortage of professional, technical, administrative and entrepreneurial skills which are pervasive at all levels, a low level of technology applied in agriculture and fisheries which dominate the economic structure of the region. Customary practices such as land tenure systems also hinder effective land utilization. Furthermore, a high rate of population growth leads to a high proportion of children in the population while there is a high level of overseas emigration of the productive section of the population. This puts an additional burden on those remaining and absorbs resources which might otherwise be used in more directly



productive ways.<sup>9</sup> Moreover, demands on local revenues to meet the recurrent budget and to fund the high expectations held by islanders, accentuate the need for aid. At the same time, the strategic importance of some islands, and other specific characteristics of the Pacific island countries, contribute to high aid flows in the region.

In Pacific island economies, the main sources of local revenue include trade impositions such as custom duties and levies, service industries like business licensing, tourism and exports. It is the latter area that is considered to be an "engine of growth",<sup>10</sup> yet it faces many problems. Unlike some commodities such as petroleum oil which gives producers considerable leverage, Pacific commodities have low demand elasticity and are subject to severe competition from other producers as well as from substitute products. Main exports from the Pacific are primary or semi-processed products which include copra, coconut oil, palm oil, sugar, coffee, cocoa, timber and phosphate. Only a few commodities capture a sizeable share of world commodity exports, as shown in Figure 1 (average of selected countries' share in world commodity exports between 1976 and 1978) and in Figure 2 (average of selected countries' share in world commodity exports between 1982 and 1984).

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<sup>9</sup> Fairbairn, "Economic...", pp.230-4.

<sup>10</sup> *Ibid*, p.241.

Figure 1

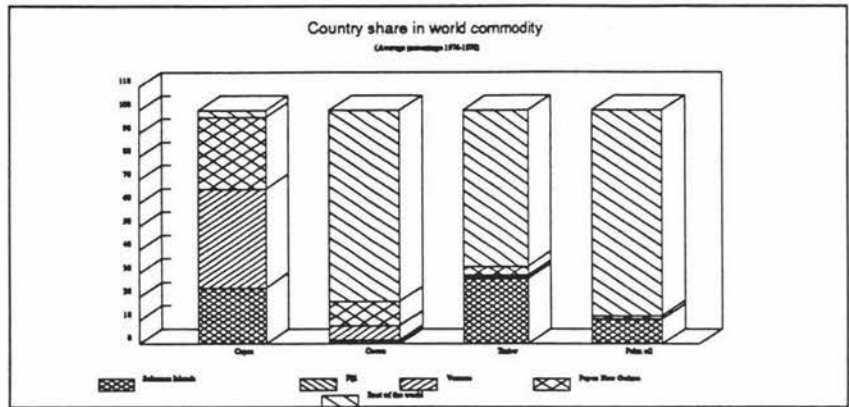


Figure 2

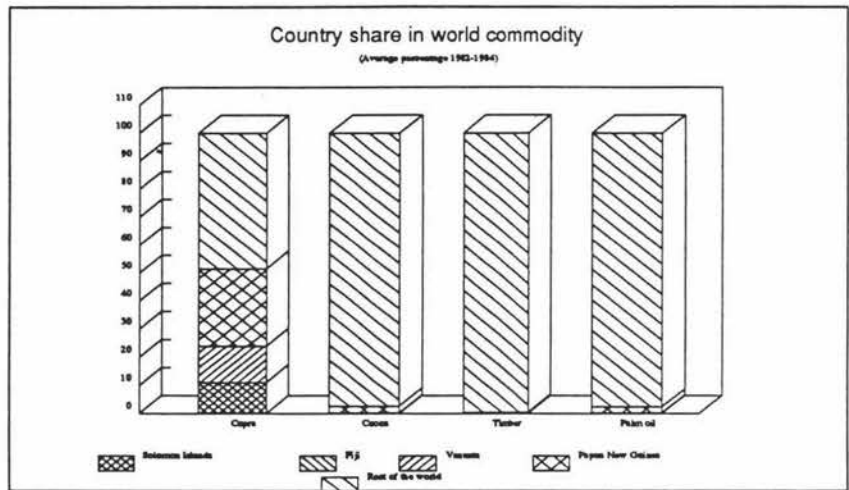
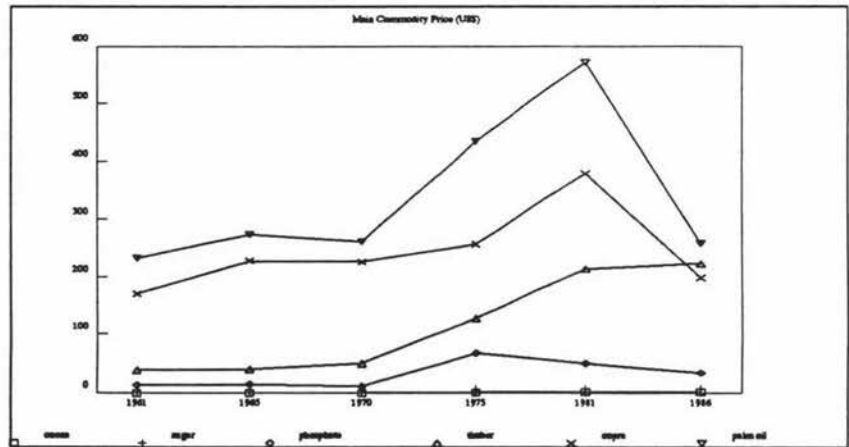


Figure 3



As can be seen from the first two figures, the share of world commodities from the Pacific island countries has tended to decrease over the years. Other products not included in the figures were in a similar situation. For example, between 1982 and 1984, Fiji's share

of world sugar export was reduced to 0.1% and Nauru's share of world phosphate export fell to 5.9%.<sup>11</sup> Commodity exports from the Cook Islands fell from \$8.6 million (annual average price) during 1970-4, to \$5.2 million (annual average price) during 1980-3. For the same period, Kiribati's exports fell from \$31.2 million to \$3.4 million and Tokelau from \$0.8 million to \$0.6 million.<sup>12</sup> Furthermore, primary commodities are sensitive to world price fluctuations, as illustrated in Figure 3, which can severely affect the countries' revenues. Therefore these factors enhance the Pacific island countries' need for external assistance.

In addition, local production cannot cater for local needs and the importation of various capital and consumer goods is both indispensable and increasing. For example, Western Samoa's 1972 import of foodstuffs alone exceeded its total export earnings,<sup>13</sup> much of the difference being covered by remittances. Typically, food and beverages represented about one-fourth of the import total and finished consumer goods are around 10-15%, reflecting consumption levels and living standards that are well above the poverty line.<sup>14</sup>

High expectations and standards of living add to the complication. The colonial past brought close association with western countries and encouraged expectation of a living

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<sup>11</sup> World Bank, Commodity Trade and Price Trends, Edition 1987-88, (Baltimore, 1988), pp. 24-25. More details are in Table 1 in the appendix.

<sup>12</sup> I. G. Bertram and R. F. Watters, "The MIRAB Economy in South Pacific Microstates", Pacific Viewpoint, vol.26, mno.2 (1975), p.505.

<sup>13</sup> Roger C. Thompson, Australian Imperialism in the Pacific:the Expansionist Era, 1820 - 1920, (Melbourne, 1980), p.64.

<sup>14</sup> Christopher Browne and Douglas A. Scott, Economic Development in Seven Pacific Island Countries, (Washington, 1989), p.13.

standard that is beyond the means of most countries.<sup>15</sup> As President Remeliik of Palau observed, "Palauans have become accustomed to a lifestyle that they cannot maintain on their own...we are totally dependent on the grants from the US government".<sup>16</sup> This trend, which is common, has led to a widening of the import/export gap, as shown in Figure 4 which depicts trade deficits of Fiji, Kiribati, Vanuatu, Tonga and Western Samoa from 1975 to 1987. The situation of the region as a whole, as shown in Figure 5, was the same. Generally speaking, nearly all countries except for Nauru face trade deficits. As this has to be balanced by aid, these economies have become even more aid-dependent.

While these various factors have generated aid dependence in Pacific island countries, there are additional factors that increase donors' willingness to give aid to the region. It is accepted that there is the need for each country to have "one of everything", for example, hospital, secondary school, port and airport. Yet the smallness of Pacific island countries means their problems can be alleviated with a small amount of assistance and only small absolute amounts of aid are needed in the development of these countries. The transparency of Pacific island governments and relatively low level of corruption are attractive to donors who can thus assure the maximum benefits of what is given.

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<sup>15</sup> Oceanic Economic Handbook, (London, 1990), p.166.

<sup>16</sup> From an interview with Palau's president in "Belau's President Looks to a 'Strenuous' Future", Pacific Island Monthly, July, 1982, p.37.

Figure 4

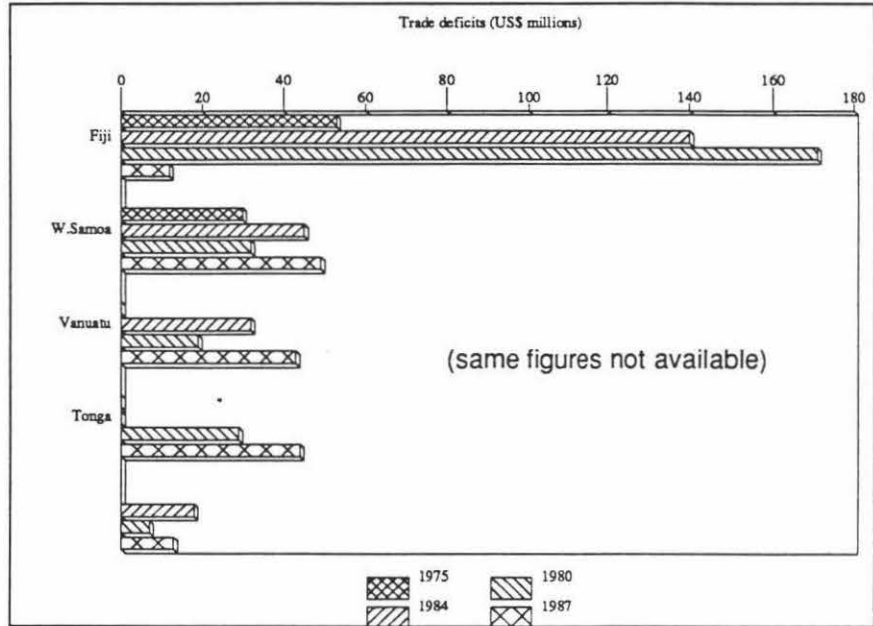
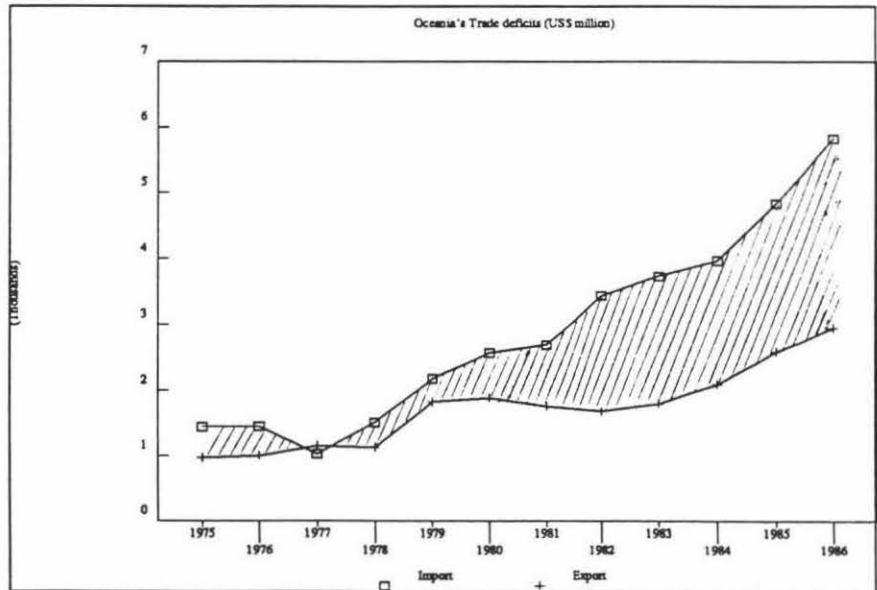


Figure 5



Meanwhile, aid is also seen as fundamental to the stability of the region.<sup>17</sup> This, in turn, serves to secure the interests of the regional powers. Therefore, Australia and New Zealand, which have taken a degree of responsibility in the region, especially in the light of Britain's withdrawal, have been very active in giving aid to the Pacific island countries.

While these characteristics apply to all Pacific island countries, some island states like the Marshall Islands, the Federated States of Micronesia, Palau, Papua New Guinea and French Polynesia also possess strategic importance or military usefulness that adds to the willingness of donors. Aid flows to these countries therefore tend to be very high.

As a result of the recipients' need for aid and the donors' willingness to give it, the economies of many Pacific island countries have become dominated by aid. Aid given to the Pacific island countries has been so generous that their aid per capita has been relatively very high in comparison with other parts of the world. For example, between 1973 and 1975, aid per capita of the TTPI ranked third among 132 developing countries, following by New Caledonia (4th), Niue (6th) and French Polynesia (8th). The rest of the Pacific island countries were ranked between 11th and 34th positions.<sup>18</sup> Table 2 in the appendix gives details of aid per capita for more than ten years and thus confirms that aid per capita for the Pacific island countries has always been rather high.

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<sup>17</sup> Barrie Macdonald, "Decolonization and Beyond", The Journal of Pacific History, vol.XXI, no.3, 1986, p.121.

<sup>18</sup> G. T. Kurian, The Book of World Rankings, (London, 1979), p.61.

When aid as a percentage of GDP is taken into account, a vast range of aid-dependency is seen. At one end, there are countries that have a low dependence on aid. For example, Nauru does not normally require aid and Fiji's aid is usually only two or three percent of GDP. At the other end of the scale, however, aid as percentage of GDP was higher than 100% as in the case of Tokelau (200% in 1987), Tuvalu<sup>19</sup> (159% in 1982) and Niue (137% in 1983), as shown in Table 3 in the appendix and in Figure 6 below.

Figure 7 further highlights the vital role of aid in the Pacific island countries. From Figure 7, the proportion of aid and government revenues as average percentage during 1980 and 1987, it is obvious that aid took up a large proportion in the governments' total revenues. Even a country like Fiji which receives relatively low aid had foreign assistance accounting for about 2.5% of its revenues. The detail of this proportion is also given in Table 4 in the appendix.

In fact, in the late 1980s, aid accounted for at least one-third of government revenue in all Pacific island countries except for Nauru and Fiji, and about half of the countries received more than two-thirds of national income from aid.<sup>20</sup>

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<sup>19</sup> For Tuvalu, aid as percentage of both GDP and the government's expenditure exceeded 100% before donor countries decided in 1988 to establish a special long-term trust fund so that the trust can generate a significant amount of local revenues and help reduce the level of aid-dependency. Kiribati also has a similar trust scheme which is becoming an interesting alternative for small island states. (Oceanic Economic Handbook, (London, 1990), pp.155, 173 and 198.)

<sup>20</sup> Barrie Macdonald, "Decolonization and Beyond: The Framework for Post-Colonial Relationships in the Pacific", The Journal of Pacific History, vol.XXI, no.3, pp.118-9.

Figure 6

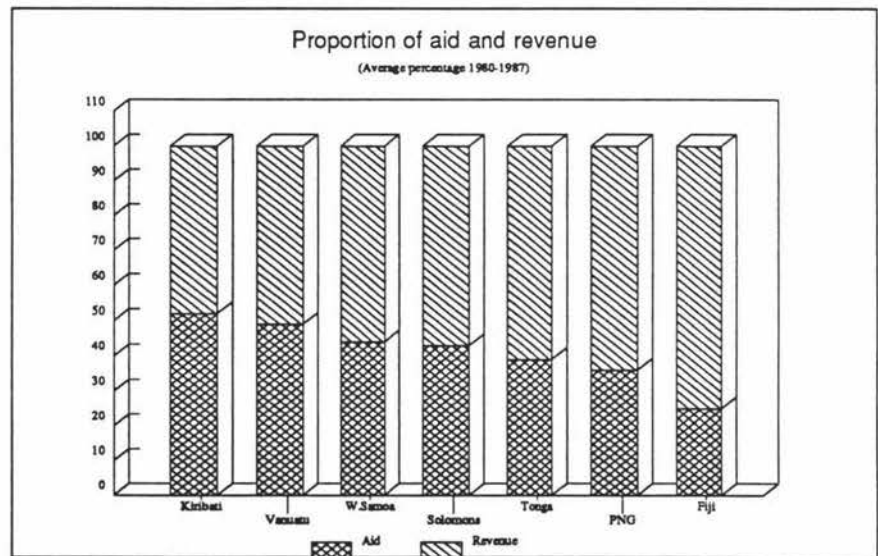
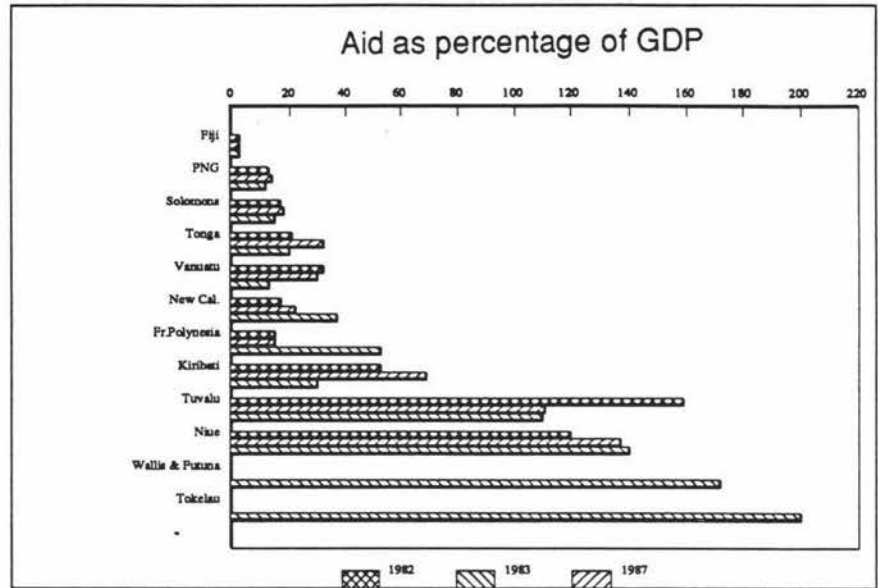


Figure 7



By assessing aid requirements and economic potential, Pacific island countries' level of aid-dependency can be broadly classified:<sup>21</sup>

The first group is made up of countries like Papua New Guinea, Fiji, Solomon Islands and Vanuatu which are relatively rich in resources and may not be permanently aid-dependent. However, existing development problems such as a very low capital base and a high population growth rate make a quick reduction in aid unlikely.

In the second group are Tonga, Western Samoa and Palau which have a natural resource base rich enough to provide affluent subsistence but not enough to meet the current high expectations of their people. These countries need aid to "top up their economic performance" and their need seems to be rather more long-term.

The third group include small island states of the Cook Islands, Niue, Tokelau, Kiribati, Tuvalu, Federated States of Micronesia, Marshall Islands, and the dependencies of France. Aid per capita and the percentage of aid in the country's imports reflect a high level of aid dependency of these countries. For example, from 1978 to 1987, aid per capita of the Cook Islands rose from \$367 to \$663, Niue from \$1150 to \$2089, Tokelau from \$648 to \$1257, Tuvalu from \$320 to \$631 and the Trust Territory of the Pacific Islands from \$683 to \$1385 (in 1986).<sup>22</sup> During 1980 and 1983, aid had been equivalent to 38% of Cook Islands imports, with figures of 74% for Kiribati, 116% for Tuvalu and 134% for Niue.<sup>23</sup> As Bertram and Watters suggest, the economic viability of these small states is achieved

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<sup>21</sup> The classification is based on The Oceanic Economic Handbook, (London,1990), pp.166-7.

<sup>22</sup> in current dollars. More details are in Table 2 in the appendix.

<sup>23</sup> I. G. Bertram and R. F. Watters, "The MIRAB Economy in South Pacific Microstates", Pacific Viewpoint, vol.26 no.2, p.505.

through migration, remittances, aid and bureaucracy.<sup>24</sup> These countries need aid just to maintain basic government and services and, especially in the territories and dependencies of the United States and France, to maintain high standards of living. These economies are therefore likely to remain permanently aid-dependent.

From the beginning of the "aid era", most of aid given was intended for economic and social development through development projects. Even in the 1990s, physical and social infrastructure projects are still top priorities for aid allocation. In 1990 and 1991, for example, Australia's aid contributed to the construction of a new airport tarmac and public works building in Vanuatu, a wharf in Tonga, improvement of electricity and water supply in Western Samoa and Tonga, and new secondary school facilities in the Solomon Islands and Vanuatu.<sup>25</sup> At present, project specific aid comprises about half of bilateral aid but is also an important component in multilateral aid.<sup>26</sup> Another substantial part of bilateral aid is channeled for budgetary support since much of the recurrent and administrative costs of the projects cannot be maintained by local revenues. Budgetary aid is especially high in the United States and French territories and former territories where it is used not only for the recurrent cost of projects but also for general government administration and services, and for maintaining the high standards and expectations of the people. Papua New Guinea, however, was an unusual case because it receives "untied budget support" from Australia which it can, to a large degree, determine how it will use. Nevertheless, since 1986, the general budget support has gradually been shifted toward particular programmes and projects as in

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<sup>24</sup> *Ibid*, pp.497-519.

<sup>25</sup> Australian Council for Overseas Aid, *Aid For A Change*, (Canberra,1992), p.25.

<sup>26</sup> Jeremy Carew-Reid, *Environment, Aid and Regionalism in the South Pacific*, (Canberra,1989), p.115.

other recipient countries. By 1993, programme activities will constitute about 11.5% of total aid from Australia.<sup>27</sup> The Cook Islands is similarly placed with regard to aid from New Zealand.

It is notable that while aid from multilateral sources such as the Asian Development Bank and the United Nations agencies are mostly concessionary loans, bilateral aid, especially budgetary aid, is mostly given as grants and technical assistance. Therefore, the level of external debt of the Pacific island countries remains low despite the level of aid.

Apart from monetary grants, aid can also be given in less tangible forms, that is, as trade preferences or special arrangements for market access. Although special trade agreements giving favourable terms to less-developed countries are viewed as "aid with dignity", they are welcome: as the former Prime Minister Ratu Sir Kamisese Mara of Fiji observed, trade is the best form of aid.<sup>28</sup> At present Pacific island countries can enjoy a number of such special arrangements, for example, the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) which provides that Australia and New Zealand will grant duty-free and unrestricted access for most of the Pacific products on a non-reciprocal basis.<sup>29</sup> Other agreements include the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) which aims to establish a free trade zone between Australia and New Zealand but will also have trade and economic implications for Pacific

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<sup>27</sup> Australian Council for Overseas Aid, Aid For A Change, (Canberra, 1992), p.17.

<sup>28</sup> Bellam, Michael, A Question of Balance: New Zealand Trade in the South Pacific, (Wellington,1980), p.9.

<sup>29</sup> There is some dissatisfaction from the Pacific island countries that the free access under SPARTECA is limited by some regulations such as the rule of origin, quota restrictions and quarantine requirement.(Joint Committee on Foreign Affairs, Defence and Trade, The Parliament of Commonwealth of Australia, Australia's relations with the South Pacific, Canberra,1989, p.xxix.)

island countries.<sup>30</sup> The European Community (EC) signed the Lome I Convention with developing countries, including Pacific island nations in 1975, and has revised the arrangements a number of times since. Under the Lome Convention, the facilities of Stabilization of Export Scheme (STABEX) have been extended to Pacific island countries which can thus enjoy grants given as compensation for fluctuations in export prices of primary products.<sup>31</sup> During 1975 and 1979, STABEX transfers to the region were over A\$ 16 million with at least 80% of it in grant form.<sup>32</sup> Bilateral trade preferential agreements can also be very beneficial. For example, the United States paid 22 cents per pound for Fiji's sugar in 1897 when the world sugar price fell to 3.5 cents per pound.<sup>33</sup> The Papua New Guinea - Australia Trade and Commercial Relations Agreement (PATCRA) is another example of aid in less tangible form.

In addition to country to country bilateral aid, multilateral assistance from donors like the Asian Development Bank, the United Nations Development Program and other United Nations agencies contribute to Pacific island economies. However, bilateral aid is a much larger contribution to the Pacific islands than multilateral aid, as can be seen in Figure 8 and Figure 9. These figures show that the proportion has not changed through the three decades of the aid era and thus imply the importance of bilateral donors.

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<sup>30</sup> Oceanic Economic Handbook, p.153.

<sup>31</sup> Christopher Browne, Economic Development in Seven Pacific Island Countries, (Washington, D.C.,1989), p.209.

<sup>32</sup> South Pacific Commission, South Pacific Economies:Statistical Summary, No.5, 1979, (Suva, 1981), p.24.

<sup>33</sup> M. Taylor, Fiji: Future Imperfect ?, (Sydney,1987), p.9.

Figure 8

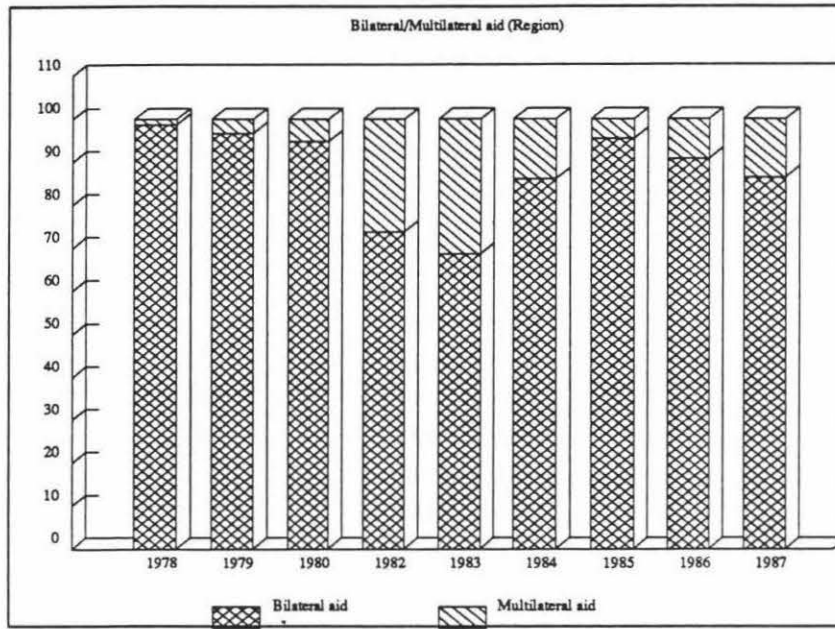
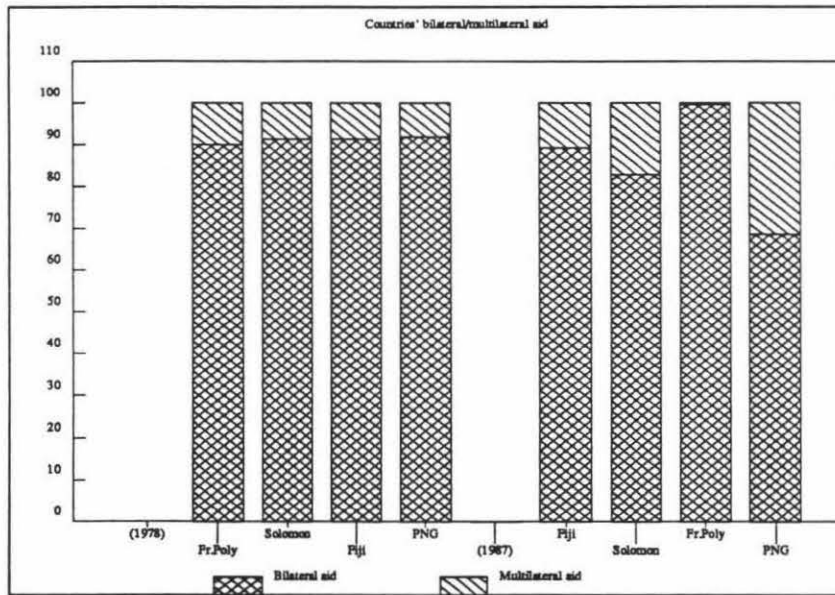


Figure 9



Traditional bilateral donors are those which had historical links with the Pacific island countries. For example, in the 1960s, Britain gave aid to Fiji, the British Solomon Islands and Protectorate, the Gilbert and Ellice Islands colony, Australia to Papua New Guinea, New Zealand to Western Samoa and Cook Islands, France to New Caledonia, and the United States to Guam, American Samoa, and the Trust Territory of the Pacific Islands. From the late 1970s, however, with the emergence of independent nations, the source of bilateral aid diversified. The European Community (EC) began to give aid to the region after the Lome Convention I was signed in 1975, and Germany, Canada and the Netherlands have become recent donors though their contributions remain a very small proportion in comparison with the total aid flows in the region. On the contrary, Japan has become a major donor from mid-1980s contributing a larger sum than traditional donors like the United Kingdom and New Zealand.

While Australia, the United States and France are the three biggest donors to the region apart from Japan, a very high percentage of their contributions go to countries with which they have special and continuing ties. For example, during 1964 and 1972, an average of 74% of Australia's aid was channeled to Papua New Guinea; the figure was 57% during 1973 and 1984.<sup>34</sup> Likewise, nearly 100% of US bilateral aid went to Guam, American Samoa and the Trust Territories, and nearly all French bilateral aid went to French Polynesia, New Caledonia, and Wallis and Futuna.

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<sup>34</sup> The figures were calculated from Table 2.2 (Growth of Australian Aid) in Joint Committee on Foreign Affairs and Defence, the Parliament of the Commonwealth of Australia, The Jackson Report on Australia's Overseas Aid Program, (Canberra, 1975), p.5.

The detail of the allocation of bilateral aid from each major donor is given in Table 5 in the appendix while the following figures give an idea of how major donors distributed their aid in the region. Figure 10 (Japan's recipients as average during 1980 - 1989) is an example of aid distribution without prominent bias to particular recipients. Although bigger recipient countries tended to receive more in aid volume, the larger share did not always go to the same recipients every year. However, only smaller donors like the Netherlands, Canada and Germany follow this pattern.

Figure 11 shows New Zealand as a unique donor in the sense that even though about 56% of its aid went to countries which are former New Zealand's colonies such as the Cook Islands, Niue, Tokelau and Western Samoa, the volume of New Zealand aid to other countries was still relatively widely-distributed.

This is unlike some major donors. As can be seen in Figure 12, 13, 14 and 15, there are dominant recipients for each donor: Australia with Papua New Guinea, United Kingdom with the Solomon Islands, Tuvalu, Fiji and Vanuatu, the United States and France with their territories or dependencies. The share of their aid to other recipients was therefore very disproportionate. As all major donors, apart from New Zealand, follow this pattern of aid-giving, there is a possibility that donors can, if they wish, exert influence over these major recipients.

Figure 10 Japan's recipients  
(Average 1980 - 1989)

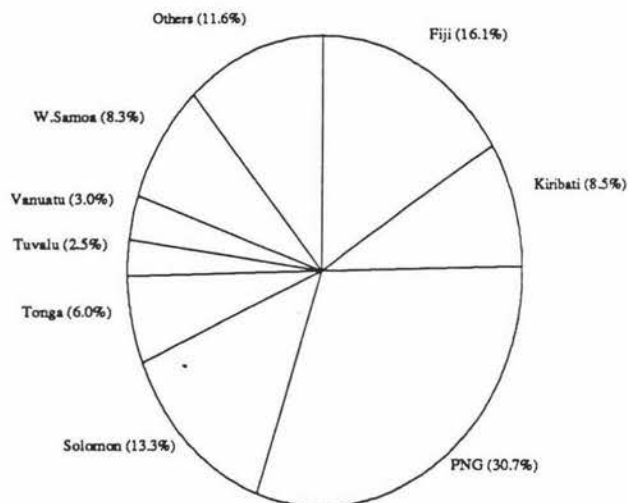


Figure 11 New Zealand's recipients  
(Average 1975 - 1989)

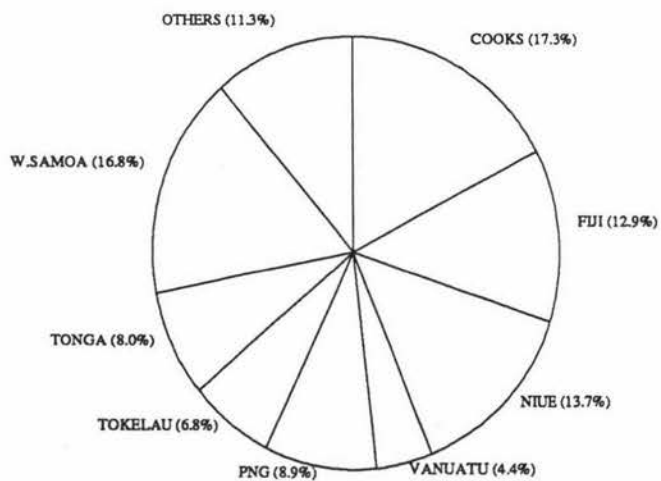




Figure 12

Australia's recipients (1988)

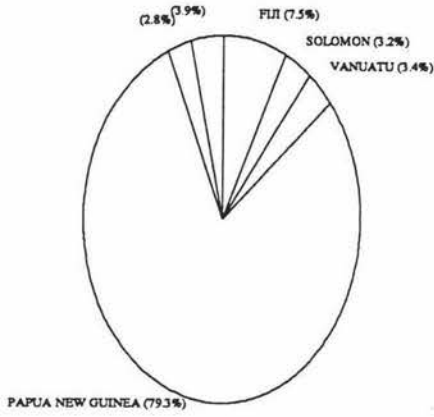
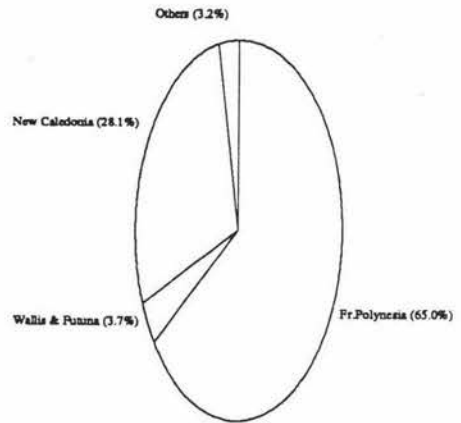


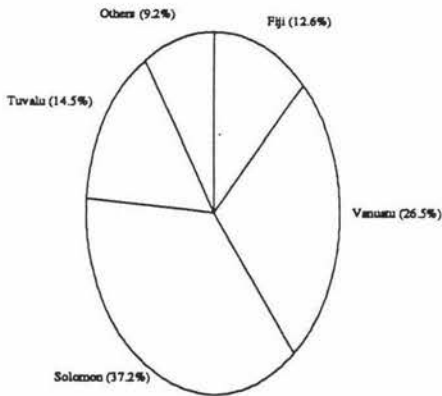
Figure 13

France's recipients (1988)



United Kingdom's recipients

(Average 1974 - 1989)



United States' recipients (1986)

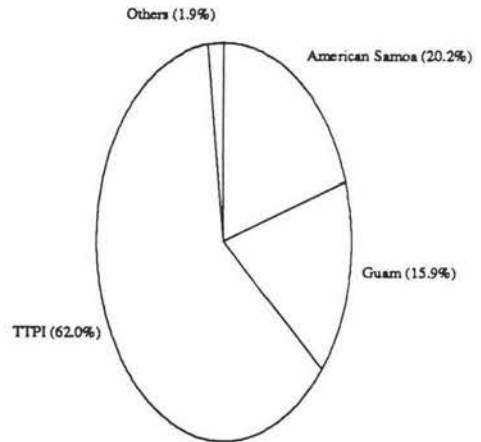


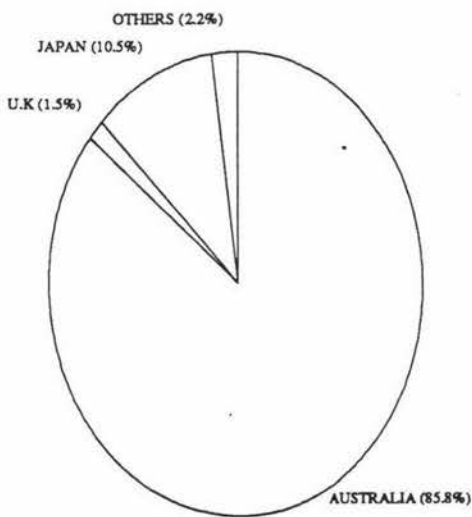
Figure 14

Figure 15

As for the recipient countries, their statistical data on aid flows and sources (details are in Table 6 in the appendix) reveal that there are two trends of aid-receiving: with and without dominant donors. Figures 16 and 17 give examples of recipient countries which have dominant donors. Tuvalu, Niue, Tokelau, French Polynesia, New Caledonia, Wallis and Futuna, Guam, American Samoa and the US Trust Territory show a similar trend.

PNG's bilateral donors (1987)

Figure 16



Cook Islands' bilateral donors (1987)

Figure 17

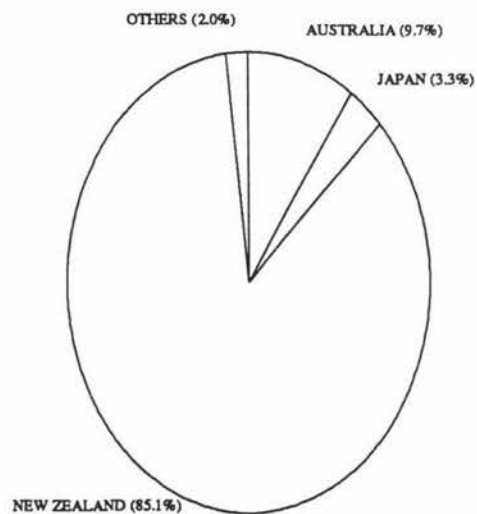
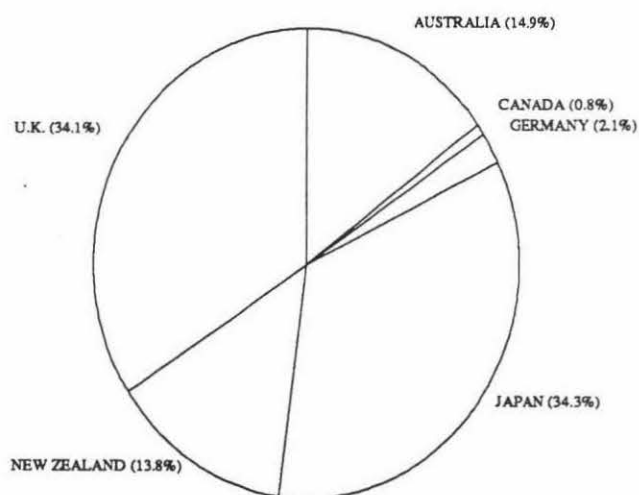


Figure 18, however, shows the opposite trend. It is an example of countries which have several major donors but none of the donors are clearly dominant. Aid from the former colonial power (the United Kingdom) is approximately matched by that from Japan. Fiji, Kiribati, Solomon Islands, Tonga, Vanuatu and Western Samoa are recipient countries which follow this trend.

Figure 18

Kiribati's bilateral donors (1987)



Aid flows to the Pacific islands have been plentiful and increasing. Between 1977 and 1980, for example, aid flows from all sources increased by more than 85%. In addition, the region attracted new donors; Norway, Sweden Denmark, Taiwan, Kuwait and Libya have all expressed an interest in providing some kind of development assistance to the region.<sup>35</sup>

It is notable, however, that aid given to Pacific island countries is usually not targeted for basic needs such as food, water or shelter except after natural disasters. It is mainly to improve services and enhance the quality of life. Besides, much of aid flowed in with insufficient planning which could result in wasted projects. This was the aid picture in many cases before the 1980s because the donors' interests was more in being seen as giving aid rather than what aid could actually achieve.<sup>36</sup> Hence donors' self interest were prominent motives for aid-giving. Inevitably, such an aid picture sometimes resulted in a scenario in which "yesterday's aid lies rusting on the beach" and the Pacific was "littered with abandoned and wholly unsuccessful projects".<sup>37</sup>

Although aid is now better-planned, usually given on the basis of country programme and aid projects are generally evaluated, donors' motives have not changed much. Donors' ethical and moral drives exist but tend to be overshadowed by donors' self interests including security concerns. Economic security can be gained from aid-giving, especially when aid is tied. For example, more than 90% of Australian bilateral project aid is spent on the purchase

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<sup>35</sup> Carew-Reid, Environment..., p.113.

<sup>36</sup> The South Sea Digest Fact Sheet, vol.8, No.4, May 13, 1988, p.1.

<sup>37</sup> Bruce Knapman, "Aid and the Dependent Development of Pacific Island States", The Journal of Pacific History, vol.XXI, no.3 (1986), p.150.

of Australian goods and services; some 70% of New Zealand aid is spent in New Zealand. Likewise, political security and strategic security can be obtained through aid-giving. Donors' policies and their concerns over various security points will be further discussed in Chapter 6.

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## Chapter 5

### Security issues in the Pacific Island Region

Security issues in the Pacific island region are multi-faceted, covering strategic, economic and political concerns. While economic security has been the greatest concern for the Pacific island countries, it has not always been the highest priority in Western perceptions. On the contrary, the security agenda of the West was dominated by a strategic dimension focused on international politics or global conflicts that eventually drew the Pacific region into the "periphery of strategic planning".<sup>1</sup>

Until recently, the post Second World War world order was characterised by bipolarity in which the rivalry of political ideologies led to the arms race and the Cold War. In world affairs, there were incidents of high tension such as the Berlin Blockade (1948), the Korean War (1950-53), the Suez and Hungary crises (1956), the Cuba missile crisis (1962) and the Vietnam War (1962-73). These crises were followed by periods of lower tension or détente.<sup>2</sup> These alternating periods of crisis and détente shaped the strategic thinking and policies of both sides not only in 'problem' areas but even in the remote Pacific island region. Cold War thinking was the framework for security concerns of the West involved in the Pacific.

Under this framework the region was perceived as being generally secure for the Western powers. Apart from the brief limelight of strategic importance during the Second

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<sup>1</sup> Richard A. Herr, "Strategy and Security: The choices are Few", in Foreign Forces in Pacific Politics, ed. Ron Crocombe and Ahmed Ali, (Suva, 1985) p. 290.

<sup>2</sup> Coral Bell, "The Goings and Comings of Detente", Australian Outlook, vol.40, no.1, (1986), p.21.

World War, the Pacific was not directly threatened by the Cold War and there was no need for a military build-up because the region came under the security coverage of *Pax Americana* and was regarded as a "placid ANZUS lake".<sup>3</sup> Politically, the Pacific islands were western-oriented and the strategically important Micronesian islands were under the firm control of the US. However, the 'safe' strategic environment began to change from the mid 1960s with the decolonization process which led to the emergence of new states and generated opportunities for the non-Western powers to expand their influence into the region. Other developments included the change in US military policy and the nuclear testing, anti-nuclear feeling in the region and the South Pacific Nuclear Free Zone Treaty.

Decolonisation which began in the 1960s implied that regional international relations could also be directed and controlled by the newly independent countries which meant that the exclusive sphere of influence of the West could no longer be assumed.<sup>4</sup> Some of the fears of the major Western powers eventuated in the 1970s and 1980s when some countries embraced relationship with 'non-traditional' countries such as China, Vietnam or Libya, island countries proposed a nuclear-free zone in the Pacific, and Vanuatu joined the Non-Aligned Movement with Cuban sponsorship.<sup>5</sup> Independence and sovereignty enabled Pacific island countries to 'play the Soviet card' to attract more attention and aid from the West;<sup>6</sup> as islanders commented, "it is time to watch the *Palangis* dancing to our music!".<sup>7</sup>

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<sup>3</sup> Richard W. Baker, The International Relations of the Southwest Pacific: New Vision and Voices (Honolulu, 1990) p.1.

<sup>4</sup> R. Herr, "Strategy and Security...", p.293.

<sup>5</sup> Richard A. Herr, "The American Impact on Australian Defence Relations with the South Pacific Islands", Australian Outlook, vol.38, no.3, (1980),p.184.

<sup>6</sup> Paul Dibb, "Soviet Strategy towards Australia, New Zealand and the South-west Pacific", Australian Outlook, vol.39, no.2, (1985), p.72.

<sup>7</sup> "Roubles for Tonga from Russia with Love", Pacific Islands Monthly, August, 1976, p.15.

The attempts from countries seen as potentially hostile by the Western powers such as the Soviet Union, China and Libya to expand their influence in the Pacific raised new concerns. The most worrisome challenge came from the Soviet Union which succeeded in establishing non-residential diplomatic relations with Fiji in 1984, Tonga in 1985, Western Samoa and Papua New Guinea in 1986.<sup>8</sup> The sudden "threat" occurred in mid 1976 when the Soviet Union offered economic assistance to Tonga in exchange for an on-shore fishing base.<sup>9</sup> The Soviet moves alarmed Western powers, especially Australia, New Zealand and the United States. Pacific islands were suddenly receiving ardent attention. The West significantly increased aid to Pacific island countries in their attempt to minimise further Soviet encroachment into the region.<sup>10</sup> The Soviet Union also made an offer of regional hydrographic assistance along with other aid initiatives.<sup>11</sup> The attempts to establish an aid presence, however, were mostly unsuccessful. Other aspects of Soviet encroachment included tourist activities, especially cruise ships, fishing and 'surrogate activities' of trade unions and peace groups.<sup>12</sup> More significantly, the Soviet Union had a substantial military presence and naval surveillance capacity in and near the Pacific region, especially in Micronesia where US bases and missile testing facilities are located.<sup>13</sup> The Soviet Union directed its missile tests towards the Line Islands during the mid 1950s and mid 1970s.<sup>14</sup> It also warned Australia which hosted US missile facilities about the possibility of being

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<sup>8</sup> Paul Dibb, "Soviet Strategy...", p.71.

<sup>9</sup> Alexander Malyashkin, "USSR, the Pacific", Pacific Islands Monthly, Jan 1978, pp.15-16.

<sup>10</sup> "Roubles for Tonga...", p.14.

<sup>11</sup> Richard Herr. "When Elephants Fight, the Grass is Crushed", Pacific Islands Monthly, Dec.1985, p.48.

<sup>12</sup> John C. Dorrance, "The Soviet Union in the Pacific Islands: A current Assesment", Asian Survey, Sept, 1990, p.917.

<sup>13</sup> Dirk Anthony Ballendort, "Soviet Threat: The Shadow and the Substance", Pacific Islands Monthly, Oct, 1985,p.51.

<sup>14</sup> R. Herr, "Strategy and Security...", p.255.



targeted in retaliatory attacks,<sup>15</sup> this being the most serious threat the Cold War brought into the region.

This interest of the Soviet Union raised concerns in the West. At the South Pacific Forum in 1976, Australia argued that as the Soviet Union was "bound to seek to exploit any features of the situation to its own advantage...it was important to study Soviet activities with great seriousness....The development of large on-shore facilities by the USSR to serve its fishing fleets could open the way for unwelcome longer-term developments".<sup>16</sup> However, as the Soviet Union failed to establish either its economic or military presence in the region, the concerns of the West were subdued until the mid 1980s when the Soviet Union approached Kiribati for a fishing agreement which was signed in 1985. Under the agreement, a Soviet fishing company - Sovrybflot had the rights to operate 16 fishing vessels within Kiribati's 200 mile Exclusive Economic Zone for one year for a fee of about US\$ 1.5 million. Although Kiribati did not allow port facilities or an entry into its 12-mile territorial waters,<sup>17</sup> the Soviet Union succeeded in securing a port access and the possibility of landing rights for Aeroflot in the fishing agreement with Vanuatu in 1987.

Soviet fishing agreements alarmed Western leaders and pro-Western Pacific nations which believed in the potential of military activities under the disguise of fishing fleets, especially if the Soviet Union could gain landing rights or shore facilities. In that

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<sup>15</sup> Henry S. Albinski, "The Superpowers in the Pacific" in Security and Defence: Pacific and Global Perspectives ed. Desmond Ball and Cathy Downes, (Sydney, 1990), p.467. Also in Paul Dibb, "Soviet Strategy...", p.13.

<sup>16</sup> Greg Fry, South Pacific Regionalism: the Development of an indigenous Commitment, unpublished M.A. Thesis, Department of Political Science, School of General Studies, Australia National University, Dec, 1979, p281.

<sup>17</sup> Pacific Islands Monthly, Oct, 1985, p.7.

case, potential strategic threats as identified by the United States would include surveillance of US missile and Strategic Defense Initiative (SDI or Starwars) research on Kwajalein, operational benefits for the Soviet space and military satellite programme, support for Soviet strategic minerals deep seabed mining and increased Soviet cross-Pacific air traffic capabilities.<sup>18</sup> The suspected ulterior motive was enhanced by the willingness of the Soviet Union to pay high costs of investment even though its Pacific catch was less than two percent of its total<sup>19</sup>, and by its attempt to renew the agreements despite its complaint of unsatisfactory returns.<sup>20</sup>

Soviet expansion of influence into the Pacific was a part of its overall policy adjustment. Soviet economic strength had been seriously weakened in the 1980s. A world oil glut in the mid 1980s significantly affected oil exporters like the Soviet Union and its economic situation was further weakened by political turmoil. The impact which also reached the Council for Mutual Economic Assistance (CMEA or COMECON) was so grave that the organization itself began to break down. Likewise, the Soviet capacity to maintain its arsenal and arms programme was seriously affected. Soviet military expenditure was around 15% of GNP which did not include the added costs of \$US 4 billion a year for supporting its involvement in Afghanistan and Indochina.<sup>21</sup> Soviet attention turned to the Asia-Pacific region which offered the prospect of economic dynamism which could be of great benefit to the Soviet Union. The importance of the Asia-Pacific region was declared in the manifesto

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<sup>18</sup> Ramesh Thakur, Confidence-Building and Conflict Reduction in the South Pacific, (Canberra, 1988), p.7.

<sup>19</sup> R. Herr, "Strategy and Security...", pp.297-8.

<sup>20</sup> Richard Herr, "The Region in Review: International Issues and Events, 1988", The Contemporary Pacific, Spring/Fall, 1989, p.148.

<sup>21</sup> Zhang Yebai, "The New Soviet Policy and Its Impact on Super-power Rivalry in the Asia-Pacific Region", in Pacific Security Towards the Year 2000: The 1987 Pacific Symposium ed. Dora Alves, (Washington D.C., 1988), p.33.

of the 27th Party Congress. President Gorbachev's Vladivostok speech of 1986 emphasised the idea of Soviet as 'a Pacific power' that was determined to be active in political, economic and other aspects of development to supplement its military role in the region.<sup>22</sup> Soviet leaders denounced the focus of Western powers on military factors in the Pacific islands on the grounds that the region had not been militarised like Europe and should remain so.<sup>23</sup> In 1986, in Australia, the Soviet Foreign Minister Shevardnadze confirmed new Soviet policies saying that he expected Soviet influence to develop from its commercial dealings with the Pacific island countries.<sup>24</sup> The Soviet ambassador to Australia, Evgeni Samoteikin, predicted an increased Soviet presence in Pacific island countries through economic and cultural activities and confirmed the Soviet Union's intention of excluding military presence.<sup>25</sup> Hence came the moves for fishing agreements and other Soviet activities which were perceived as "threats" to the region.

Among the 'non-traditional' countries stepping into the Pacific were China and Libya. In 1976, the People's Republic of China opened embassies in Fiji and Western Samoa, and invited leaders of Pacific island countries to visit China. The Chinese involvement aimed mainly to displace Taiwan's presence and to monitor Soviet movement. Besides, China accepted the need of the ANZUS partners to resist the Soviet threat.<sup>26</sup> The

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<sup>22</sup> Zhang Yebai, *ibid*, p.30.

<sup>23</sup> Geoffrey Juke, "The Development of Soviet Strategy", in Security and Defence : Pacific and Global Perspectives, eds. Desmond Ball and Cathy Downes, (Sydney,1990), p.66.

<sup>24</sup> David Hegarty, "The South Pacific and Papua New Guinea", in Security and Defence: Pacific and Global Perspectives, eds. Desmond Ball and Cathy Downes, (Sydney, 1990), p.422.

<sup>25</sup> Evgeni Samoteikin, "The Goals of Vladivostok", in The Soviet Union as an Asian Pacific Power, eds. Ramesh Thakur and Carlyle A. Thayer (Melbourne, 1987), p.17. The author was the Soviet Ambassador to Australia, Papua New Guinea, Fiji and Vanuatu at the time of his writing.

<sup>26</sup> R. Herr, "Strategy and Security...", p.296.

Chinese presence was therefore not perceived to be as disturbing to the security environment as that of the Soviet Union or Libya.

Libya first expressed its interest in the Pacific in 1979 when it offered a soft loan to the King of Tonga after his visit to Tripoli.<sup>27</sup> In 1984, Libya increased its level of interest in the region by trying to develop contacts with independence movements in New Caledonia through offers of arms and weapons-training for their young militants.<sup>28</sup> At the same time, Libya also developed a relationship with Vanuatu which saw its relations with 'radical states' such as Cuba and Vietnam as a means of reducing and balancing Western influence in the region.<sup>29</sup> The Vanuatu-Libya link thrived so well that Libya considered the possibility of establishing an embassy in Vanuatu. However, Libya's attempts in 1987 to establish diplomatic relations with other Pacific island countries such as Papua New Guinea, the Solomon Islands and Tonga were unsuccessful.<sup>30</sup>

Libya's moves were seen as a threat to peace and stability in the region because of the potential import of terrorism. Regional concerns were expressed by Australia, New Zealand and Pacific countries alike, with the exception of Vanuatu.<sup>31</sup> Meeting with such strong opposition, the idea of Libya embassy in Vanuatu was aborted. Besides, Libya's only embassy in the South Pacific (in Canberra) was also closed down in the wake of the controversy, partly because Australia wanted to convince Vanuatu of the disadvantages of its Libyan connection.<sup>32</sup>

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<sup>27</sup> David Hegarty, *Libya and the South Pacific*, (Canberra, 1987), p.5.

<sup>28</sup> D. Hegarty, *ibid*, pp.6-7.

<sup>29</sup> D. Hegarty, *ibid*, p.17.

<sup>30</sup> D. Hegarty, *ibid*, p.11.

<sup>31</sup> D. Hegarty, *ibid*, p.17.

<sup>32</sup> D. Hegarty, *ibid*, pp. 14 - 15.

The change in the US military policy raised the security concerns in the region. The US wanted to minimise its chance of being "dragged into [Cold War] conflicts" as announced in President Nixon's Guam Doctrine in July 1969, and also took the view that its allies should "collectively take care of their regional problems".<sup>33</sup> This raised the concerns of the ANZUS partners and of those Pacific island countries which enjoyed an "assumed coverage under the pact".<sup>34</sup> In particular, the defeat of the United States in the Vietnam war destroyed the "aura of invincibility and permanence" which had always been associated with the US presence in the region. This loss of prestige and power was similar to when the fall of Singapore during the Second World War destroyed the myth of British supremacy.<sup>35</sup> The end of the Vietnam war in 1973 was also the end of Western policy of containment of the Soviet Union based on control of the Asian buffer zone, and resulted in the renewed interest of the United States in its Micronesian territories.<sup>36</sup> The US military presence at Guam was significant. Kwajalien in the Marshall Islands was used as missile testing and development site. Palau has long been seen as a potential submarine base. The Cold War front was being drawn nearer to the Pacific region.

The nuclear issues in the Pacific has also raised important security concerns. The development of nuclear weapons was perceived by major world powers to be vital to global security. Britain, the United States and France all had testing sites in the Pacific. British tests were carried out between 1957 and 1958 on Christmas Island which was later loaned to the United States for nuclear tests in 1962.<sup>37</sup> US testing in the Pacific islands

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<sup>33</sup> Keesing's Contemporary Archives, August 16-23, 1969,p.23509.

<sup>34</sup> R. Herr, "Strategy and Security...", p.293

<sup>35</sup> Owen Harries, Strategy and the Southwest Pacific: An Australian Perspective (Sydney, 1989), p.4.

<sup>36</sup> R. Herr, "Strategy and Security...", p.293.

<sup>37</sup> Robert Kiste, The Bikinians: A Study of Forced Migration (Los Angeles, 1974), pp. 260-1.

started in 1946 in Micronesia and ended in 1963 but the United States still keeps Kwajalein for the development of international ballistic missiles. France transferred its nuclear testing from Algeria to French Polynesia in 1963,<sup>38</sup> and has conducted 44 atmospheric and more than 130 underground tests in the region.<sup>39</sup> Adverse economic and health effects from forced migration and risks of radioactive contamination have resulted in a strong anti-nuclear sentiment in the region.<sup>40</sup>

The anti-nuclear feeling, coupled with a concern that the region could become a target for nuclear retaliatory attacks, led eventually to a regional nuclear-free zone treaty. The idea of making the Pacific a nuclear-free zone was first mentioned in 1962, but it was not until 1985 that the idea could be implemented in the form of the South Pacific Nuclear Free Zone Treaty or the Treaty of Rarotonga. However, the preparation of the Treaty caused many conflicts among Pacific island countries and between the Pacific island countries and Western powers in the region - particularly the United States which saw the idea as the potential restriction of transit of its nuclear armed forces. As a consequence, significant compromises had to be made. Yet the United States and France still refused to sign either the Treaty or the attached Protocols. In self-promotional moves, the Soviet Union and China both agreed to sign and ratify the Protocols in 1988.<sup>41</sup> As the Treaty does not

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<sup>38</sup> Barry Shineberg, "The Image of France: Recent Developments in French Polynesia", The Journal of Pacific History, vol. 21, no.3, 1986, p.153.

<sup>39</sup> David Robie, "Moruroa Time Bomb", Pacific Islands Monthly, October, 1990, p.11.

<sup>40</sup> Michael Hamel-Green, "Regional Arms Control in the South Pacific: Island States Responses to Australia's Nuclear Free Zone Initiative", The Contemporary Pacific, vol.31, no.1, p.65.

<sup>41</sup> Ministry of External Relations and Trade, New Zealand, Information Bulletin, No.32, November, 1990, p.10.

restrain nor remove a leading cause of nuclear threat in the region, what it actually achieves is the *status quo* of nuclear activities of the West.<sup>42</sup>

Nevertheless, conflicts on nuclear issues also led to the disruption within the ANZUS Alliance. New Zealand Prime Minister, David Lange, believed that "nuclear weapons are themselves the greatest threat which exists to our future... they only put us more at risk...."<sup>43</sup> When New Zealand banned access of nuclear-armed and propelled vessels to its territory, it effectively banned all US naval ships because the United States held a policy of "neither confirm nor deny" regarding the presence of nuclear weapons on its ships. In retaliation, the United States suspended its ANZUS alliance obligations to New Zealand.<sup>44</sup>

The security situation in the Pacific islands relaxed towards the end of the 1980s with the easing of Cold War tensions caused mainly by the Soviet moves and an absence of specific disputes or threats. Critical domestic economic problems which forced the Soviet Union to reform its economy along the capitalist path as implied in the Perestroika and Glasnost policies meant less concern with testing the US in the security area. In a move designed to attract external investment, the Soviet Union launched several special economic zones on its territories, considering them to be a way to raise funds to finance its industrial development and thereby invigorate its economy. Therefore, the Soviet Union needed a more peaceful international environment. Its Asia-Pacific policy was aimed to reduced the

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<sup>42</sup> Frank C. Langdon, "Challenges to the United States in the South Pacific", Pacific Affairs, vol.61, no.1, Spring 1988, p.13.

<sup>43</sup> Ramesh Thakur, "Nuclear Issues in the South Pacific", in The South Pacific: Emerging Security Issues and US Policy, eds. John C. Dorrance *et al*, (Washington D.C., 1990), p.43.

<sup>44</sup> John C. Dorrance, "US Strategic and Security Interests and Objectives in Australia, New Zealand and the Pacific Islands", in The South Pacific: Emerging Security Issues and US Policy, eds. John C. Dorrance *et al*, (Washington D. C., 1990), p. 4.

long-standing tension with China and Japan through "a smiling diplomacy". The Soviet Union hoped to develop economic and trade ties with countries in the Pacific region, particularly to attract economic interest and investment from East Asian countries into its territories, especially in resource-rich Siberia.<sup>45</sup>

However, Soviet economic difficulties were far too severe to recover quickly. Economic interest and investment from Asia-Pacific and Europe did not pour into the Soviet Union as it had hoped.<sup>46</sup> Other developments paving the way for the thawing of the Cold War soon followed. In his 1988 speech to the United Nations, President Gorbachev outlined unilateral strategic arms reductions.<sup>47</sup> The Soviet Union also had to loosen its grip on Eastern Europe, leading to the opening of Austria-Hungary border and the mass 'exodus' of Eastern Germans into Western Europe. November 1989 featured the fall of Berlin Wall which preceded the dissolution of the Warsaw Pact and heralded the demise of the Cold War. These new developments prompted the rethinking of security both in the Pacific and elsewhere.

Concerns within the Pacific island countries over domestic security add a further dimension to international strategic issues. According to this view, economic vulnerability is the most serious weakpoint of regional security because, as Australian Foreign Minister H. V. Evatt observed as early as 1943, "no...regional system of security, however, can be permanent unless it has an adequate basis in economic justice...".<sup>48</sup> This observation has not changed over decades; the New Zealand South Pacific Policy Review Group made

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<sup>45</sup> Evgenii Kovrigin, "Problems and Prospects for Japanese Investment in the Soviet Far East", in The Soviet and the Pacific Challenge, edS. Peter Drysdale and Martin O'Hare, (Sydney, 1991), pp.82-86.

<sup>46</sup> E. Kovrigin, *ibid*, p.86.

<sup>47</sup> Juke, "The Development of Soviet Strategy...", p.72.

<sup>48</sup> Greg Fry, South Pacific Regionalism..., p.52.



the same point again in 1990.<sup>49</sup> Seen in this way, economic vulnerability is a threat to both Pacific island countries and the West. Therefore, economic assistance in various forms constantly pours into Pacific island countries to maintain their welfare and to win their friendship and loyalty.

Environmental problems add another dimension to domestic security concerns. While global warming and rising sea levels may threaten the very existence of low lying countries like Kiribati, Tuvalu and the Marshall Islands, other environmental problems cause the degradation of the sources of income. The most notable source for the Pacific island countries is the exclusive economic zones (EEZs) which stretch over thirty million square kilometres and contain the world's most productive tuna fishing grounds.<sup>50</sup> Yet the EEZs are faced with both illegal incursions for "resource grab"<sup>51</sup> and environmental threats such as contamination from nuclear and hazardous waste dumping and driftnet fishing which destroy the source of tuna. French nuclear testing and the US failure to honour the EEZs and to sign the Nuclear Free Zone Treaty are seen in this light as serious threats to Pacific island countries.

Internal political instability in Pacific island countries is another factor in the security concerns of Western powers. Although the Pacific islands region is more politically stable than many other regions, it nevertheless has problems ranging from independence demands, secessionist movements, and border problems to civil disorder and organised crime. Two

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<sup>49</sup> Toward A Pacific Island Community: Report of the South Pacific Policy Review Group, (Wellington, 1990), pp.222-3.

<sup>50</sup> D. Hegarty, "The South Pacific...", p. 416.

<sup>51</sup> R. Herr "Strategy and Security...", p.306.

particular "security hotspots" of the region are the independence movement in New Caledonia and secessionism in Papua New Guinea.<sup>52</sup> The disputes between the Kanak Socialist National Liberation Front (FLNKS) and the French side have led to numerous outbreak of violence.<sup>53</sup> Other Pacific island countries, especially Vanuatu which supports Kanak liberation,<sup>54</sup> developed sympathy for the Kanaks while increased hostility toward France. In Irian Jaya, the attempt of the Organisasi Papua Merdeka (OPM) attracted much sympathy in Papua New Guinea because of Indonesia's transmigration programme in the early 1980s that threatened to destroy Melanesian culture. Papua New Guinea on the one hand recognised Indonesia's sovereignty over Irian Jaya but on the other refused to participate in joint border defense patrols to curb the OPM. Relations between Papua New Guinea and Indonesia were often strained as Papua New Guinea suffered repeated border incursions by Indonesian forces in pursuit of the OPM. Although the relationship has been improved by the 1986 Treaty of Mutual Respect, Cooperation and Friendship, border tensions could re-emerge as long as the fear of Indonesian expansionism remains.<sup>55</sup>

Secessionism in Papua New Guinea currently focuses on the Bougainville Revolution Army (BRA) which declared the independence of Bougainville as the Republic of the North Solomons in May 1990 and closed the Bougainville mine indefinitely.<sup>56</sup> Government suppression resulted inevitably in violence that spilt over into the Solomon

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<sup>52</sup> David Hegarty, Small State Security in the South Pacific, (Canberra, 1987). p.18.

<sup>53</sup> Andrew MacIntyre, Internal Aspects of Security in Asia and the Pacific: An Australian Perspective, (Canberra, 1986), p.21.

<sup>54</sup> Steve Hoadley, Security Cooperation in the South Pacific, (Canberra, 1988), p.18.

<sup>55</sup> D. Hegarty, Small State Security ..., pp. 13 and 19 - 20.

<sup>56</sup> Peter King, "Redefining South Pacific Security: Greening and Domestication", in The South Pacific: Problems, Issues and Prospects, ed. Ramesh Thakur, (London, 1991), p. 55.

Islands. Papua New Guinea's accusation of the Solomons' support of secessionism has created tensions between the two countries.

Lesser security implications involve tensions between Pacific island countries. Tensions have arisen from Melanesian and Polynesian cultural divide,<sup>57</sup> and from ethnic conflicts which could result in either a possibility of civil war as in Vanuatu, or a coup as in Fiji. Disputes over territorial claims, for example, between Vanuatu and New Caledonia<sup>58</sup> were other sources of political instability. Other problems include domestic political turmoil, as in Fiji and Vanuatu, or civil violence as in Papua New Guinea. Organised crime and the drug trade are becoming a significant problem in the Pacific, calling for increased concern.<sup>59</sup>

For Pacific island countries, the absence of direct external military threats makes them less worrisome than economic and political ones. A recent study in New Zealand revealed that the security issues of most concern to leaders of Pacific island countries do not relate to military threats but to economic and political issues. Their main desires are to be able to effectively control and protect their resource environment, and to lessen the impact of natural disasters.<sup>60</sup> In a questionnaire on security perceptions of Pacific island countries, fewer than one percent of respondents viewed Libyan activities or the Soviet fishing deals and the Soviet Union's attempts to establish diplomatic relations as the principal external causes of

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<sup>57</sup> D. Hegarty, "Small State Security...", p.4.

<sup>58</sup> Edward Wolfers, "The Regional Security Environment: South Pacific" in Australia's Regional Security, ed. Greg Fry (Sydney, 1991), p.78.

<sup>59</sup> David Hegarty, Stability and Turbulence in South Pacific Politics, (Canberra, 1989), p.12.

<sup>60</sup> Toward A Pacific Island Community: Report of the South Pacific Policy Review Group, (Wellington, 1990), p.191.

insecurity.<sup>61</sup> On the contrary, a recent review of Papua New Guinea's security needs identified the country's biggest threats as lawlessness within, and from political turmoil such as that in Bougainville.<sup>62</sup>

In general, Pacific island countries share a sense of insecurity caused by their fragile internal economic and socio-political structures.<sup>63</sup> Therefore the "threat" perceived by the West has not always been the threat perceived by Pacific island countries. The Soviet fishing agreement which provided Kiribati with a fee amounting to 25 % of its annual budget<sup>64</sup> was thus understandably not a threat but an attractive financial relief, whereas 'the assumed friends' could turn to be a real threat because they were "ripping us off economically and ... environmentally...they are the ones destroying our forests and maritime environment, they are the ones exploding nuclear devices around us and trying to dump their nuclear waste in our backyards...".<sup>65</sup> In this light, the United States was seen as a threat because of its 'fish poaching' in the EEZs of the Pacific island countries. Likewise, France was also a real threat because its nuclear-testing triggered the fear of possible contamination. Australia's military power also posed a serious threat to Pacific island countries which were having serious domestic problems because of the potential military intervention from Australia as in the case of Fiji after its 1987 coup, or Vanuatu in its 1988 political problem, or Papua New

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<sup>61</sup> Stephen Bates, Security Perceptions in the South Pacific: Questionnaire Results, (Canberra, 1990), p.17.

<sup>62</sup> Wally Hlambohn and Beryl Cook, "PNG Emphasis on Internal Security", Pacific Islands Monthly, March, 1992, p.8.

<sup>63</sup> F.A. Mediansky, "Threat Perception in the Southwest Pacific Region: An Australian Perspective", in Pacific Security Toward the Year 2000, ed. Dora Alves, (Washington D.C., 1988), p.288.

<sup>64</sup> Keesing's Contemporary Archive, vol.XXXIII, p. 35205.

<sup>65</sup> Tony Siaguru, "Small 's' Security for Small Island States", in The Security of Oceania in the 1990s, vol 1: Views from the Region, ed. David Hegarty and Peter Polomka, (Canberra, 1989), p.20.

Guinea in Bougainville crisis<sup>66</sup> Besides, Australia was seen as sometimes overbearing and subordinating the interests of Pacific island countries to its own wider international interests.<sup>67</sup>

These security issues played an integral part in the inter-relation of the Pacific island countries and the West involved in the Pacific islands. Yet the two parties did not always share the same perception of threats or security. For most of the time, the economic and internal or regional political concerns of Pacific island countries were subordinate to global strategic concerns of the West whose policies in the region will be discussed in the next chapter.



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<sup>66</sup> Edward Wolfers, "The Regional Security Environment: South Pacific", in Australia's Regional Security, ed. Greg Fry, (Sydney, 1991), p.71.

<sup>67</sup> Australia's Regional Security, Ministerial Statement by Senator the Hon. Gareth Evans Q. C., Minister of Foreign Affairs and Trade, December, 1989, (para.136).

## Chapter 6

### Western Perception and Policies on Security in the Pacific Islands Region

It was argued in the previous chapter that security as defined within the Cold War framework did not necessarily apply to Pacific island countries, yet it played a vital role in forming and shaping security policies of the West. While the security concerns of major powers in the region may include similar elements, they are not identical and are based on differences of security perception as well as geographic location. These varying perceptions are described below.

#### Australia

Australia's concerns over security in the Pacific went as far back as the 1870s when Australia, for fear of possible external threat, developed an idea of "Oceania for the Anglo-Saxon". The idea was based on "Australian Monroe Doctrine" which held that all powers except Britain, Australia and New Zealand should be discouraged from gaining influence in the region.<sup>1</sup>

Australia aimed to maintain friendly western access to the region while preventing the entry of potential enemies through a form of "strategic denial".<sup>2</sup> It has become the

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<sup>1</sup> Greg Fry, " 'Constructive Commitment' with the South Pacific: Monroe Doctrine or New 'Partnership'?", in Australia's Regional Security, ed. Greg Fry, (Sydney, 1991) p.126.

<sup>2</sup> Richard A. Herr, "Regionalism, Strategic Denial and South Pacific Security", Journal of Pacific History, vol. 21, no. 4, October, 1986, p.174.

foundation of Australian security policies from the end of the 19th century until the end of the 1980s with differing approaches to the carrying out of the policies.

At the beginning of colonial era, Australia embarked on a policy of "strategic denial by annexation".<sup>3</sup> Australia, with ardent support from New Zealand, often called for British annexation of the islands to exclude potential enemies, especially France and Germany, in the late 19th century and Japan in the early 20th century. Strategic denial by annexation was pursued until after the First World War as can be seen in Australia's desire to gain control over Germany's former territories.

The experience from the Second World War demonstrated that Australia had no military capacity to guarantee its own security which was inseparable from that of the region. Australia therefore had to seek alliances to help exclude potential enemies and counter threats. Hence the United Kingdom and the United States were invited to share dominant influence in the region in exchange for the "*Pax Britannica*" and "*Pax Americana*" that they could provide. Strategic denial by alliance therefore contributed to Australia's own security arrangements. Along with strategic denial by alliance, Australia also established a zone of influence within which its dominant influence could be assured. Australia's sphere of influence lay within "the arc of islands lying to the North and North-East of our continent".<sup>4</sup>

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<sup>3</sup> Greg Fry, "Australia's Regional Security Doctrine: Old Assumptions, New Challenges", in Australia's Regional Security, ed. Greg Fry, (Sydney, 1991), p.3.

<sup>4</sup> Greg Fry, South Pacific Regionalism..., p.55.

To establish Australia's influence and turn these islands into "future security assets", Australia developed a multidimensional strategy that included aid-giving, the use of regional organizations, defence cooperation, and a diplomatic network. Aid-giving was a vital means to minimize the chance of Pacific island countries being tempted to accept offer from undesirable sources. Regional organizations, especially the South Pacific Forum, were to forge regional security links that supported Australia's strategic denial theme. For example, Australia strongly supported a move in the 1981 South Pacific Forum to join in a regional consensus to make Soviet aid offers "undesirable".<sup>5</sup> Defence cooperation involved a sizable amount of defence aid to the region, amounting to \$US18.6 million in 1985-6.<sup>6</sup> Closer bilateral relations with Pacific island countries were cultivated through a growing diplomatic network. Australia has the most extensive diplomatic presence in the Pacific.<sup>7</sup> These measures enabled Australia to lead the region in setting security agenda and strategies from the 1950s until the end of the 1980s.<sup>8</sup>

It was notable that although Australia's security policy began with fear of external threat, it was developed along the line of East-West tension or Cold War conceptualisation from the beginning of the 1960s. Cold War thinking coupled with the alliance approach resulted in a practice of "forward defence" - enemies were best met as far away as possible. Therefore Australia sent its forces to help the United States fight

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<sup>5</sup> Greg Fry, Australia's South Pacific Policy: From 'Strategic Denial' to 'Constructive Commitment', (Canberra, 1991), p.6.

<sup>6</sup> F.A. Mediansky "Threat Perception in the South West Pacific Region: An Australian Perspective", in Pacific Security toward the Year 2000, ed. Dora Alves, (Washington D.C., 1988), p. 295.

<sup>7</sup> Joint Committee on Foreign Affairs, Defence and Trade, Australia's Relations with the South Pacific, (Canberra, 1989), p. LII.

<sup>8</sup> Greg Fry, "The Politics of South Pacific Regional Cooperation", in The South Pacific: Problems, Issues and Prospects, ed. Ramesh Thakur, (London, 1991), p. 178.



"communism" both in Korea and Vietnam.<sup>9</sup> However, forward defence was questioned following the pronouncement of Nixon's Guam Doctrine and the end of Pax Britannica.<sup>10</sup> Nevertheless Cold War thinking was intensified in the 1970s. Prime Minister Fraser saw Australia contributing to the global containment of the Soviet Union because Australia's strategic denial would eliminate any Soviet involvement or opportunity for military foothold in the Pacific.<sup>11</sup>

With the help of strategic denial in its various forms, Australia was successful in setting regional security structure for the South Pacific as an exclusive "ANZUS lake" under the protection of the ANZUS Treaty. The South Pacific became the region where Australia and New Zealand could have dominant influence and act as an agent for western interests while the United States acted as a silent partner and left the security management to them.<sup>12</sup>

Perceived as "secure" under the successful strategic denial doctrine, the Pacific received lower priority in Australian foreign affairs agenda than Southeast Asia, North Asia, North America and Europe, apart from a few times when potential threats were present. It was not until the mid 1980s that the South Pacific began to become Australia's "most immediate" foreign policy priority.<sup>13</sup>

The perception and reaction of Australia to various threats in the region were also informed by the Cold War and were therefore more globalist than regionalist oriented. For

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<sup>9</sup> Richard W. Baker, The International Relations of the South West Pacific: New Vision and voices, (Honolulu, 1990), pp.2-3.

<sup>10</sup> Ross Babbage, "Australian Defence Strategies", in Security and Defence: Pacific and Global Perspectives, ed. Desmond Bell and Cathy Downes, (Sydney, 1990), p.210.

<sup>11</sup> Fry, Australia's South Pacific Policy:..., p.5.

<sup>12</sup> Fry, *ibid.*, p.6.

<sup>13</sup> Fry, *ibid.*, p.1.

example, Vanuatu's relations with Libya and Cuba were seen to be a weak point in strategic denial and thus had to be discouraged. Australia went so far as to close Libya's embassy in Canberra to eliminate the weak point and to send a message to the region. The ANZUS crisis in the mid-1980s was interpreted as a signal of regional vulnerability to the Soviet Union.<sup>14</sup> Other potential weak points stemming from Pacific island countries' temptation to receive Soviet aid were also taken care of. Pacific island countries were urged to decline Soviet aid offers while Australia and other western countries organised counter-offers or increased their aid.<sup>15</sup> The Kiribati and Vanuatu fishing agreements with the Soviet Union were seen as a serious breach of strategic denial while could pave the way for further Soviet political and military influence. However, from mid 1980s there was a gradual shift from the strategic denial and globalist Cold War orientation. With the change to a Labour government, Australia began to be more concerned on regional issues. The success of Soviet deals was understood as largely due to the United States' failure to recognise the EEZs. Australia therefore urged the US to conclude a regional fishery treaty with Pacific island countries.<sup>16</sup> Australia supported a regional nuclear free zone proposal but also tried to craft the South Pacific Nuclear Free Zone Treaty in a way that would not offend the United States or affect ANZUS Treaty. Australia also supported the decolonisation of New Caledonia and condemned France's nuclear testing and the dumping of nuclear waste.<sup>17</sup>

These were the moves that could be seen as being more regionalist oriented. However, they were met with dissatisfaction both from Pacific island countries and the

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<sup>14</sup> Fry, *ibid*, p. 10.

<sup>15</sup> Fry, *ibid*, p. 6.

<sup>16</sup> Fry, *ibid*, p.p. 8-9.

<sup>17</sup> Australian Council for Overseas Aid, Australia and the South Pacific, (Canberra, 1988), p. 2.

Western allies. Pacific island countries criticised Australian policy as still representing western interests to the detriment of their regional concerns while the West perceived Australia's moves as jeopardizing western interests.<sup>18</sup> The shift in Australia's policy toward a more regional orientation gained momentum at the end of the 1980s from a series of global, regional and domestic challenges.

The changing global perceptions of the Soviet Union and the end of the Cold War in 1989 greatly affected Australia's policy of strategic denial and led to greater acceptance of Soviet non-military activities such as commercial and diplomatic links with Pacific island countries. Moreover, the end of Cold War implied the obsolescence of the old security assumption and framework. On a regional level, Pacific island countries had increasing dissatisfaction over Australia globalist-oriented approach in dealing with regional affairs, especially the Fiji coup and the Bougainville crisis.

These new developments forced Australia to broaden its concept of security to include economic, political and environmental dimensions. Late in 1989, Australia's Minister for Foreign Affairs and Trade, Senator Gareth Evans, proposed a new policy on Australia's regional security. Labeled, "Constructive Commitment", the new policy aimed to promote Australia's security interests "on the basis of partnership" with Pacific island countries.<sup>19</sup> Among the strategies suggested were offering assistance to help Pacific island countries

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<sup>18</sup> Fry, Australia's South Pacific Policy..., pp.10-14.

<sup>19</sup> Australia's Regional Security, Ministerial statement by Senator the Hon. Gareth Evans, Minister for Foreign Affairs and Trade, December 1989, (para.180).

in economic and social development, respecting their full sovereignty and promotion of shared perceptions of the region's strategic and security interests.<sup>20</sup>

While the new policy discarded the Cold War framework and regarded the internal stability of Pacific island countries as vital to the region's security, it still put Australia as a "regional manager responsible for order",<sup>21</sup> within the new environment of the post Cold War.

### New Zealand

Broadly speaking, the security policies of New Zealand and Australia had a lot in common. Both recognized that their national security was inseparable from that of the region. For decades, both believed that collective security with allies was necessary, and each practiced strategic denial and based their security policy along the Cold War thinking. However, there were also significant differences between the policies of the two countries. New Zealand turned away from Cold War framework and became more regionalist-oriented earlier than Australia. It had a much stronger anti-nuclear policy, and did not embrace US alliance with the same intensity as did Australia. Differences in size, location and composition of population contributed to these different approaches and thinking. Having greater physical isolation and being buffered by Australia, New Zealand was less prone to see an Asian threat, while having a strong Polynesian component in the population made New Zealand identify itself with the region more profoundly.<sup>22</sup>

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<sup>20</sup> *Ibid*, (para. 178).

<sup>21</sup> Fry, " 'Constructive Commitment' ...", p.129.

<sup>22</sup> Richard W. Baker, The International Relations..., p.6.

At the turn of the century, New Zealand security policies also started with strategic denial by annexation, calling for "British empire in the Pacific centring on New Zealand" or "a grand island dominion".<sup>23</sup> Depending on Britain for security protection could be seen as collective security which had become a main basis for New Zealand approach in the later years. New Zealand needed allies to guarantee its security because of its small size and far-flung commercial interests which it could not defend alone.<sup>24</sup>

The Second World War resulted in the United States coming as New Zealand's major ally, first along side Britain and later in its place. Although New Zealand now recognised that its security was greatly dependent upon the United states,<sup>25</sup> its attachment to Britain remained strong. At the beginning of the 1950s, New Zealand stressed the importance of Anglo-American cooperation and based its policy accordingly. As Foreign Minister, Holland confirmed that New Zealand would "stick by the United States, through thick and thin, right or wrong" while at the same time, "where Britain goes, we go; where she stands, we stand".<sup>26</sup> The British umbrella was of great importance to New Zealand until the decline of "*Pax Britannica*" in the 1960s.

On the basis of collective security, New Zealand also believed in "team work" to ensure that its allies and protectors would come to help. In 1955, New Zealand's defence minister, T.L. Macdonald, observed that "We cannot expect the willing assistance of our friends unless we show that we are willing to pull our weight... New Zealand is willing to

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<sup>23</sup> Michael Stenson, "The Origin and Significance of 'Forward Defence' in Asia", in New Zealand in World Affairs, Vol. 1, (Wellington, 1977), p. 179.

<sup>24</sup> Thomas-Durrell Young, "New Zealand", in Security and Defence: Pacific and Global Perspectives, eds. Desmond Ball and Cathy Downes, (Sydney, 1990), p.32.

<sup>25</sup> Bernard K. Gordon, New Zealand Becomes A Pacific Power, (Chicago, 1960), p.225.

<sup>26</sup> Angus Ross, New Zealand In the Pacific World, (Wellington, 1986), p.29.

undertake her fair share of defence obligations and to act as a member of a team."<sup>27</sup> Hence came the practice of 'forward defence' in sending its troops to fight for Britain and the United States in countries outside Pacific.

Forward defence also had major implications for the defence of the Pacific region in New Zealand's view. Not long after the Second World War, the West was concerned about the spreading of communism both in Europe and Asia. New Zealand viewed communism as a greater threat than Japan to peace and security of the Pacific. For example, in fighting in Korea against the spread of communism, New Zealand was, as Foreign Minister F. W. Doidge noted, "at the same time fighting for ourselves".<sup>28</sup>

This fear of communism showed that East-West tensions had arrived the Pacific and soon provided the framework for security thinking, and New Zealand gave a lower priority to Pacific islands' concerns in its strategic thinking. New Zealand became preoccupied with forward defence and with Cold War organisations like the South East Asia Treaty Organisation.<sup>29</sup> The region regained its strategic importance with the advent of decolonisation and the first Soviet threat in the 1970s.

To "protect" the region, New Zealand tried to apply strategic denial to the Soviet Union as Australia did, but with a softer stance. The Soviet Union requested shore facilities from New Zealand in 1975 and made an approach to Tonga and Western Samoa before New Zealand's refusal was communicated to it in 1976.<sup>30</sup> After the two island

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<sup>27</sup> *Ibid*, p.33.

<sup>28</sup> *Ibid*, p.22.

<sup>29</sup> Ron Crocombe, Pacific Neighbours: New Zealand's Relations with Other Pacific Islands, (Suva, 1992), p.192.

<sup>30</sup> Minister of Foreign Affairs, New Zealand, New Zealand Foreign Affairs Review, April-June, 1976, p.78.

countries' refusal, the Soviet Union raised the request with New Zealand again in 1977, indicating that it could obviate the need to look elsewhere in the South Pacific. New Zealand finally agreed to the Soviet deal on strict conditions, mainly because it believed that monitoring Soviet activities would be more satisfactory in New Zealand than in other Pacific island countries. The Kiribati-Soviet fishing agreement was first met with criticism but New Zealand later tolerated the decision, accepting that Kiribati would gain a large economic benefit.<sup>31</sup>

New Zealand's stance also tended to be more regionalist than that of Australia as early as the 1970s. In acknowledging that stability and peace in the South Pacific was important to its own security and that there were significant changes taking place in the region, New Zealand's Deputy Prime Minister, Brian Talboys, made the first comprehensive ministerial South Pacific visit in 1976 to find out how Pacific islands leaders viewed their future and the part New Zealand could play.<sup>32</sup>

Furthermore, by the 1980s, New Zealand had a "deeply-rooted nuclear allergy" caused by its proximity of French testing ground and from the view that the region posed no real threat but that being a nuclear alliance "actually attracted the very danger that it purported to deflect".<sup>33</sup> Besides, ANZUS did not guarantee New Zealand's security from nuclear risks. Prime Minister David Lange believed that the United States would not take a "risk to its

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<sup>31</sup> Ramesh Thakur, The Defence of New Zealand: Foreign Policy Choices in the Nuclear Age, (Boulder, USA, 1984), pp.82-83.

<sup>32</sup> Ministry of Foreign Affairs, New Zealand, New Zealand Foreign Affairs Review, July-September, 1976, p.36.

<sup>33</sup> John Henderson, "New Zealand's Non-Nuclear Regional Approach to Security", in The Security of Oceania in the 1990s, vol.1: Views From the Region., ed, David Hegarty and Peter Polomka, (Canberra, 1989), p.61.

people and the world's by defending its small and distant ally with nuclear weapons".<sup>34</sup> He also attempted to persuade the US to pay more attention to the real perils facing the South Pacific, and especially the issue of economic security, so that the US could see how inappropriate it was to defend the region with nuclear weapons. His suggestion that the US should put its defence arrangements into softer focus by strengthening economic and cultural ties was met with a "scornful" attitude from the US.<sup>35</sup> The strong Anti-nuclear feelings which previously led to the desire for a nuclear-free zone in the Pacific eventually led to the practical ban of US vessels to its port and resulted in the break of ANZUS Alliance in mid 1980s. The government policy was supported both by political parties and the people. A poll showed that 67% of New Zealanders in 1985 and 84% in 1989 approved of government policy.<sup>36</sup> While still adhering to collective security through close cooperation with Australia, New Zealand was also forced to adopt new security measures.

The break with ANZUS forced New Zealand's security policy to be more self-reliant and based primarily on regional interests and its own requirements while continued close cooperation with Australia. The new approach took much greater amount of security issues as perceived by Pacific island countries. However, New Zealand did not fully appreciate the extent of the region's problems until after the Fiji's coup in 1987. The coup triggered an abrupt realization that the complexity of island society and the scale of economic challenges were underestimated. The events of 1987 were a watershed in New Zealand's way of seeing and thinking about the South Pacific.<sup>37</sup> The coups also showed deficiencies in New

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<sup>34</sup> Lange, Nuclear Free- The New Zealand Way, (Ringwood, Australia, 1990), p.29.

<sup>35</sup> David Lange, *ibid*, pp. 47 and 56.

<sup>36</sup> John Henderson, "New Zealand's Non-Nuclear Regional Approach to Security", p.62.

<sup>37</sup> "Our Home Region: the South Pacific", an address by Mr. Don Mckinnon, Minister for External Relations and Trade, to the New Zealand Institute of International Affairs, 26 March, 1991, in New Zealand External Relation Review, January-March, 1991, pp. 18-19.



Zealand's understanding of the region and suggested that its own perceptions differed sharply from those of the island nations.

New Zealand's regionalist approach was manifest in the Labour government's 1987 Review of Defence Policy. The zone of primary strategic concerns was to be around the EEZs boundaries of New Zealand and its outlying territories such as the Chatham, Kermadec, Campbell and other islands. It therefore covered a vast area from Australia in the West, North to the equator above Papua New Guinea, Nauru and Kiribati, East to encompass the Cook Islands and South to Antarctica, with all other countries and waters within that perimeter,<sup>38</sup> New Zealand acknowledged that Pacific island countries viewed security primarily in economic terms.<sup>39</sup> Therefore New Zealand aimed to meet Pacific security needs in the "widest sense". Apart from aid-giving, New Zealand armed forces were assigned to promote security through a wide range of activities from military cooperation and assistance in development projects<sup>40</sup> to dealing with disaster relief and fishery resource protection.<sup>41</sup>

New Zealand viewed the post Cold War world as unstable and, instead of the East-West confrontation, many broader security issues such as the environmental threats, weapons proliferation, terrorism, refugee problems, and the and drug traffic, came to the forefront. It was recognized that coping with these problems effectively could only be achieved through collective action and cooperation among states.<sup>42</sup>

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<sup>38</sup> Ron Crocombe, "Pacific Neighbours...", p. 192.

<sup>39</sup> 1987 Review of Defence Policy, para. 3.7.

<sup>40</sup> *Ibid.*, para. 3.9.

<sup>41</sup> *Ibid.*, para. 3.21.

<sup>42</sup> "The Foreign Policy Agenda", an address by Mr. Don Mckinnon, Minister for External Relations and Trade, to the New Zealand Institute of Directors, 15 March, 1991, in New Zealand External Relations Review, vol.41, no.2, January-March, 1991, pp. 6-7.

In the Pacific, being cut off from the ANZUS pact and concentrated in the region was viewed by the National government as a withdrawal back into the lower South-west Pacific further than it should have gone,<sup>43</sup> or "an idealistic trend with isolationist overtone with an overemphasis on Pacific region at the expense of broader international focus".<sup>44</sup> The National government attempted to move outwards from its "Pacific cocoon" while still continuing to give primary attention to regional concerns. It reformulated its security policy to include the commitment to an "international approach" which also explained its desire for a seat in the United Nations Security Council. In the meantime, it wanted to "rejoin the Western camp"<sup>45</sup>, reasoning that the security of a small country like New Zealand lies in "collective security" arrangement, in which New Zealand would cooperate with its "natural partners" like Australia, Canada, the US and the UK.<sup>46</sup> From 1991, a new defence goal of "self-reliance in partnership" sought to re-establish an effective defence relationship with the US and the UK,<sup>47</sup> a difficult task, given that the nuclear-free policy was still endorsed both by bipartisan commitment and the public support,<sup>48</sup> Any review of collective security could only be in a vague form of "going with traditional tripartite relationships which would not be in the same as when the communist threat was present".<sup>49</sup>

While the government was trying to adjust to post-Cold War developments, the Labour Party also revised its security policy. In a pamphlet called "New Zealand In the World",

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<sup>43</sup> John Henderson, "New Zealand and the Foreign Policy of Small States", in Beyond New Zealand II: Foreign Policy into the 1990s, ed. Richard Kennaway and John Henderson, (Auckland, 1991), p.8.

<sup>44</sup> Catriona MacLennan, "NZ Chases Seat on Security Council", The Dominion, 1 September 1992.

<sup>45</sup> "The Foreign Policy Agenda", *op. cit.*, p.6.

<sup>46</sup> "New Zealand and the Changing Global Order", New Zealand External Relations Review, vol.41, no.4, July-September, 1991, p.52.

<sup>47</sup> John Henderson, "Changes in New Zealand Defence Policy", in Beyond New Zealand II: Foreign Policy into the 1990s, ed. Richard Kennaway and John Henderson, (Auckland, 1991), p.93.

<sup>48</sup> As to mid 1991, the majority (54%) of New Zealanders still preferred the break of defense ties to seeing a resumption of US nuclear warship's while 34 % accepted ship visits. "Kiwis firm on Nuclear Issue", the Evening Standard, 15 May 1991.

<sup>49</sup> "Bolger Urges ANZUS Rewrite", The Evening Standard, 30 September 1991.

Labour committed itself to a regional focus with an emphasis on economic security and the use of New Zealand's place in the Security Council to promote the interests of small countries especially the Pacific islands countries. Collective security would gradually be replaced by 'common security' through an international legal framework rather than military pacts.<sup>50</sup> Therefore, despite the difference in collective security and the extent of international approach, regionalist orientation still plays an important part in the security policies of both parties.

### The United States

The United States security policies in the Pacific were also shaped by the Cold War thinking manifest in its globalist approach. Immediately after the Second World War, the US attached high importance to the strategic value of the Pacific islands. US policy at the time was founded on an assumption that the guarantee of the Pacific security would rest on the US. To guarantee this security, the US proposed to maintain military bases scattered among Pacific islands, many of which were administered by Australia, New Zealand and France. The proposal was met with such a strong resistance from the countries concerned that it was aborted.<sup>51</sup> US security concerns, however, were focused particularly on Micronesia where the US took full control and retained a veto over any islands' decision deemed "incompatible" with the US security,<sup>52</sup> an arrangement that was perpetuated through the Compacts of Free Association negotiated in the 1980s.

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<sup>50</sup> "Labour and Foreign Policy", The Press, 19 November, 1992.

<sup>51</sup> Donald D. Johnson, "The United States: The Big Umbrella", in Foreign Forces in Pacific Politics, ed Ron Crocombe and Ahmed Ali, (Suva, 1985), pp.75-76.

<sup>52</sup> Steve Hoadley, Security Cooperation in the South Pacific, (Canberra, 1988), p.9.

During the early postwar years, the main aim of the US was to end Japanese influence in the Pacific. Once the aim was achieved, and the region came under firm control of the West, the Pacific islands rapidly slipped from the US "consciousness"<sup>53</sup> and US security concerns were re-focused on Cold War tensions outside the region. While the US viewed the Micronesia as "a tranquil colonial backwater requiring neither attention nor resources",<sup>54</sup> the South Pacific was taken care of by the ANZUS allies and the region was deemed a safe British lake which made it easy for the US to accord a low priority to the region.<sup>55</sup> The Pacific therefore entered a period of "benign neglect" by the US for more than two decades.

The US began to pay more attention to the Pacific with the advent of decolonisation and its Cold War activities in the 1960s. The Cold war thinking prompted the US to pay particular attention to the political direction of the new independent states, especially in its own territory. President Carter openly admitted that "All options for political development should be open so long as their [Pacific islanders'] choices are implemented ... in a manner that does not compromise the national security of the United States".<sup>56</sup> Besides, Cold War thinking had led to many islands becoming affected by US military activities: Guam has major naval and air bases and support facilities; the Marshall group was used for nuclear testing; Kwajalein was used for missile range facility and Strategic Defense Initiative; and Saipan was a military and intelligence training centre for US agents. Wars in Korea and

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<sup>53</sup> John C. Dorrance, "US Strategic and Security Interests and Objectives in Australia, New Zealand, and the Pacific Islands", in The South Pacific: Emerging Security Issues and the U.S. Policy, eds. John C. Dorrance *et al.*, (Washington D.C., 1990), p.10.

<sup>54</sup> *Ibid*, p.10.

<sup>55</sup> Problems in Paradise: United States Interests in the South Pacific, Report of a Congressional Delegation to the South Pacific, August 5-26, 1989 (Washington D.C., 1990), p.3.

<sup>56</sup> "Pacific Leaders Aren't Blind", Pacific Islands Monthly, Dec, 1980, p.36.

Vietnam also revived US interest in its Trust Territory for communication centres or offshore bases.<sup>57</sup>

The importance of the Pacific north of the Equator was also enhanced by other factors. Nearly half of the US trade passes through the Pacific and five out of its seven defence agreements involve the Asia-Pacific region. The US primary concerns were therefore to secure trade routes and lines of communication.<sup>58</sup> More recently, the closure of the US bases in the Philippines has added to the possibility of the US acquiring additional sites for military use in the Pacific.<sup>59</sup> The South Pacific was also of value to the US. It could be used as an alternative sea lane from the Pacific to the Indian ocean should the normal northern route be closed.<sup>60</sup> Besides, advanced war technology, especially satellite warfare, would make the South Pacific an invaluable security asset because it could provide countries through which "control of the area... could deny entry and exit to the respective space programs just as control of Gibraltar or the Strait of Hormuz could deny entry and exit to some critical ports."<sup>61</sup> In such a context, the Pacific needed to be exclusively under control of the West, with the US taking responsibility for the North Pacific and its ANZUS allies of the South. Yet within this form of "strategic denial" arrangement, the US "benign neglect" was still implicit in South Pacific countries where the US relied mainly on the diplomatic and aid efforts of Australia and New Zealand to represent its interests.<sup>62</sup>

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<sup>57</sup> Donald D. Johnson, "The United States ...", p.77.

<sup>58</sup> John C. Dorrance, "US Strategic...", p.20.

<sup>59</sup> Robert G. Sutter, "Australia, New Zealand and the Pacific Islands: Issues for U.S. Policy in the 1990s", CRS Issue Brief, US Congressional Research Service, the Library of Congress, 9 April, 1992, p. 2. See also Martin L. Lasater, "U.S. Maritime Strategy in the Western Pacific in the 1990s", The Washington Quarterly, vol.15, no.1, Winter 1992, pp.19-34.

<sup>60</sup> John Dalton, "An Analysis of the Solarz Report", in Pacific History: Papers From the 8th Pacific History Association Conference, (Mangilao, Guam, 1992), p.326.

<sup>61</sup> John C. Dorrance, "US Strategic...", p.21.

<sup>62</sup> Sutter, "Australia, New Zealand...", *op. cit.*, p.2.

It was not until the mid 1980s that the US decided to change its Pacific policy. Many developments during this decade proved a challenge to the US. In particular, the impact of anti-nuclear feeling, the trends of US allies to become more self-reliant, the penetration of other powers, and the resentment of the Pacific island countries towards the US policies, especially over self-determination for Micronesia, and fishing throughout the region.

The anti-nuclear feeling in the region led to the declaration of a nuclear free zone and a serious threat to the US global deterrent strategy. The consequent decision to cut military ties with New Zealand was also intended to "deter" other allies from catching "the New Zealand disease".<sup>63</sup> Yet the US strategic stance backfired when New Zealand adopted a defence policy of greater self-reliance and Australia moved toward a similar policy. The US saw these policies as "isolationist", emphasizing the defence of their areas of interests rather than integrating as part of a larger allied force as in the past.<sup>64</sup> The Soviet Union, apart from increasing its military strength in the Western Pacific naval fleet by about 190% at the beginning of the decade,<sup>65</sup> began to expand into the South Pacific economically and politically.

Apart from the renewed Soviet attempts in seeking fishing agreements and port access, the activities of Cuba, Vietnam or Libya which "could only serve Soviet political objectives" intensified the US security concerns.<sup>66</sup> Therefore the US deemed it necessary to take a more direct and closer stance with the South Pacific island countries to compete for

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<sup>63</sup> Frank C. Langdon, "Challenges to the United States in the South Pacific", Pacific Affairs, vol.61, no.1, Spring 1986, p.10.

<sup>64</sup> *Ibid*, p.17.

<sup>65</sup> Robert L. Downen, "America's Stake in a Western Pacific Collective Security System", in The Emerging Pacific Community Concept: An American Perspective, ed. Bruce J Dickson, (Washington D.C., 1983), p.49.

<sup>66</sup> John C. Dorrance, "United States Security Interests in the Pacific Islands", Asia-Pacific Defense Forum, Special Supplement, Winter, 1985-86, p.3.

influence in the region and not simply leave it to other countries to represent the western interests.<sup>67</sup>

However, the US "reservoir of goodwill" that it had received from the Second World War had been severely eroded by Pacific island countries' resentment over US disinterest and insensitivity. Pacific island countries arresting of US "poachers" ships could lead to reprisals as when the US cut off its trade with the Solomon Islands in 1984.<sup>68</sup> Besides the US did not recognise EEZs for tuna fishing or the South Pacific Nuclear Free Zone treaty. It had a small diplomatic presence and made only modest aid contribution.<sup>69</sup> Even in Australia, there was an attitudinal trend suggesting the erosion of public support for Australia contribution to US-Australia alliance.<sup>70</sup>

Taking a more direct and closer stance, however, would be difficult in an unfriendly atmosphere. Therefore the revised US approach was aimed to demonstrate respect and sensitivity to local feelings. It was believed that "winning" friendly supporters would in turn facilitate the strategic and security purposes. Therefore, diplomatic presence in the South Pacific was expanded. The US agreed in 1986, after years of delays in negotiation, to sign fishery agreements with Pacific island countries which greatly improved the image of the US.<sup>71</sup> At the same time, the US kept good relations with Australia and in the early of 1990s offered, with conditions, to restore full relations with New Zealand.<sup>72</sup>

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<sup>67</sup> Regional Security Development in the South Pacific, Report of A Minority Staff Study Mission to the Committee on Foreign Affairs, U.S. House of Representatives, March 1989, p.28.

<sup>68</sup> Frank C. Langdon, Challenges..., p. 20.

<sup>69</sup> John C. Dorrance, "US Strategic...", p.14.

<sup>70</sup> Steve Hoadley, Security Cooperation..., p.5.

<sup>71</sup> Regional Security Development..., p.2.

<sup>72</sup> Richard H. Solomon, Reshaping the Post Cold War World: Security Challenges and Alliances in A New Era, An Address to the American Chamber of Commerce, Auckland, August 6, 1991, p.18.

The new US approach was welcomed. Pacific island countries were willing to seek direct and closer relations with the US for higher level of dialogue and aid. Despite the South Pacific Nuclear Free Zone Treaty, by 1990 US vessels were accepted in all Pacific island countries apart from Vanuatu which also considered a change of its policy.<sup>73</sup>

The new approach was continued into the post Cold War period. The US adopted a leadership role in the campaign to ban driftnet fishing.<sup>74</sup> High level dialogues were encouraged. President Bush was the first US president to hold a summit meeting with Pacific island countries leaders in 1990 in Honolulu and met with 6 leaders as individuals in the following year.

Yet the post Cold War US had to redefine its threats and interests. To the US, the end of the Cold War is the beginning of "a new era marked by instability and uncertainty".<sup>75</sup> The US saw the decline of the Soviet Union's power as leading to a possibility of more regional conflicts triggered by former Soviet clients which may be emboldened to make "power grabs of their own". The potential source of instability will also come from the Third World where there is an increasing proliferation of nuclear, biological and chemical weapons while its demographic trends indicate the disproportionate population growth and food supply which can generate famines and large-scale migration. An "unstable yet well armed world" convinces the US of its need to retain sufficient armed forces.<sup>76</sup> Therefore, in the Post Cold War era, US military concerns have shifted from the Soviet Union to "15 or 20 developing countries which could develop ballistic missiles by 2000".<sup>77</sup> The US will, therefore,

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<sup>73</sup> Ron Crocombe, Pacific Neighbours..., p. 205.

<sup>74</sup> Sutter, Australia.., p.8.

<sup>75</sup> *Ibid*, p.3.

<sup>76</sup> The preamble of the Tokyo Declaration on the United States-Japan Global Partnership, 9 December, 1991. Text provided by the US Embassy, Wellington.

<sup>77</sup> Address of Admiral Jeremiah, Vice Chairman of the US Joint Chiefs of Staff to Australian Royal United Services Institute, Canberra, 27 September 1991. Text provided by the US Embassy , Wellington.



maintain its military presence around the world to "ensure that no nation will ever be allowed to threaten the world the Soviet Union did".<sup>78</sup>

In the Asia-Pacific where the US has large and growing economic interests, especially in the Pacific Basin, it intends to keep a prominent role as a Pacific power. The US ten percent cut in military forces by the mid 1991 and its withdrawal from the naval base in the Philippines is compensated by the forward-deployed forces in Japan, South Korea and Guam.<sup>79</sup>

In the mean time, the US security strategy is leaning toward a more collective approach. The US argued that it was time for its European and Asian allies to "pick up the greater share of the defence requirement".<sup>80</sup> It therefore suggested "an integrated network of closer security cooperation, or a loose alliance, among all the non-communist countries especially in the Western Pacific and Southeast Asia to prevent a vacuum which might invite other powers to get involved."<sup>81</sup>

Besides, the US also perceives "threats" as being multidimensional and therefore requiring multidimensional solutions. Apart from political-military threats, as from the Middle East, there can be economic-commercial threats which can jeopardize the US domestic

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<sup>78</sup> "US Military to Stay in Asia-Pacific", The Dominion, 4 May 1992.

<sup>79</sup> "US Will Remain Pacific Power, Says Baker", The Dominion, 27 July, 1992.

<sup>80</sup> Beach, "Clinton's...".

<sup>81</sup> A "Worldnet" Interview with Richard H. Solomon, Assistant Secretary of State for East Asia and Pacific Affairs on 18 October 1991. Text provided by the US Embassy, Wellington.

industries.<sup>82</sup> The United States security stance in the post-Cold War era is therefore more multidimensional, and leaning toward a more collective security approach.

### Britain

For Britain, the Second World War marked the beginning of a sharp decline of British influence in the region. Britain was not as strategically active as other powers because its Pacific "Pax Britannica" ended soon after the close of the Second World War, and the new global "Pax Britannica" ended after the Suez crisis of 1956. Britain only held military responsibility in the British Commonwealth. British forces remained in South East Asian until the early 1970s. It then decided to withdraw, to Australia and New Zealand's great disappointment, because of the serious problem of balance of payment and the decision to enter the EEC. British defence policy was therefore a "retreat to Europe", with main focus on the European issues,<sup>83</sup> Britain, however, was drawn into cold war framework both in Europe and in the Pacific. British cold war thinking was manifest in its interest in nuclear deterrence. Christmas Island was used as British and American nuclear testing until 1962. With decolonisation in the Pacific, the British presence in the region was reduced to minimal colonial obligation, but important political and economic ties with Australia, New Zealand and Pacific island countries remain. Britain also remains an aid-donor to the region, but has devolved most of its political and economic interests upon Australia and New Zealand.

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<sup>82</sup> Michael Clevelry, "U.S. Strategy after the Cold War", in Essays on Strategy VII, ed. Thomas C. Gill, Washington D.C., 1990) pp.163-4.

<sup>83</sup> Tatsuo Akaneya, The Development of Postwar Japan-Australia Relations and the Impact of Declining American Hegemony, (Canberra, 1987), p.22.

## France

France's policies on security in the region were focused on the East-West tensions and extremely globalist-oriented and caused the most controversial issues in the region on its nuclear testing programmes and the continued colonial control over New Caledonia and French Polynesia. The reason behind the French presence with its nuclear policies was "*raison d'état*", a political reason for national prestige and influence. Driven by bitter historical memories of France's being defeated or betrayed by allies in wars, France was determined to establish itself as a "mid-size world-wide power", and to preserve and strengthen its status in the postwar years.<sup>84</sup>

France's aim was to be achieved through maintaining its presence and power. France was convinced that Britain's influence, which has largely disappeared from the region, was a "classic illustration of the consequences of that type of behavior... Being present physically, with one's own interest, one's own constraints - one's own rivalries indeed - is a matter of considerable interest for the inhabitants of the region".<sup>85</sup>

To maintain a presence which would give France a world dimension, France had to keep a network of Dom/Tom (overseas department/territories) at "whatever the costs".<sup>86</sup> Hence France retains 11 overseas territories including three in the Pacific, and keeps strong

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<sup>84</sup> Jean Chesneaux, "The Function of the Pacific in the French Fifth Republic's 'Grand Design'", The Journal of Pacific History, vol.26, no.2 (1991), pp.262-4. See also Jean Chesneaux, France in the Pacific: A Tentative Analysis, (Canberra, 1987), p. 4.

<sup>85</sup> Floyd K. Takeuchi et al, "Cheysson on France's View of Its Role in the South Pacific", in French Polynesia: A Book of Selected Readings, ed. Nancy J. Pollock and Ron Crocombe, (Suva, 1988), p.285.

<sup>86</sup> Chesneaux. France in the Pacific..., p.4.

leverage in most of its former colonies.<sup>87</sup> Retaining colonies also serves France's interests in fighting communism, keeping global security and maintaining the balance of power.<sup>88</sup>

Meanwhile, power was to be established, through military strength, in particular, with "*force de frappe*" or nuclear power. This manifestation of France's status as a mid-size power was to be vigorously strengthened in the Fifth Republic which President De Gaulle created in 1958,<sup>89</sup> especially after France's exclusion of NATO bases and its insistence that no foreign missiles were to be deployed in France from 1966.

France began to develop its own independent nuclear deterrent which was seen as the best guarantee of French security and a preferable alternative to relying on the US to provide security for Europe. France believed that nuclear weapons were an "irreplaceable guarantee of peace" to which its own deterrent could significantly contribute. Besides, having its own nuclear deterrent would underwrite the world power status that France enjoyed as one of the five permanent members of the United Nations Security Council.<sup>90</sup>

French nuclear testing was moved from Algeria to French Polynesia in 1963. Despite objections from the islanders, President De Gaulle continued with his plan, reassuring the islanders that the tests would highly benefit both French military research programmes and the inhabitants of Polynesia.<sup>91</sup> As it turned out, the GNP of Polynesia

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<sup>87</sup> Stephen Henningham, "Keeping the Tricolor Flying: The French Pacific Into the 1990s", The Contemporary Pacific, vol.1 & 2, Spring & Fall, 1989, p.98.

<sup>88</sup> John Connell, New Caledonia or Kanaky?: the Political History of a French Colony, (Canberra, 1987), p.385.

<sup>89</sup> John W. Young, Cold War Europe 1945-1989: A Political History, (London, 1991), pp. 91-93.

<sup>90</sup> Stephen Henningham, France and the South Pacific: A Contemporary History, (Sydney, 1992), p.167.

<sup>91</sup> Bengt Danielsson, Poisoned Reign: French Nuclear Colonialism in the Pacific, (Ringwood, Australia, 1986), p.56.

trebled and per capita income soared with the test programme because of the arrival of thousands of personnel and the huge funding required for the tests.<sup>92</sup> However, the economic advantage also came at the cost of a devastating effect on French Polynesia through social problems, health hazards and a risk of contamination to the environment.<sup>93</sup> Therefore, the nuclear testing which was, according to France, "designed to enable the weak to deter the powerful",<sup>94</sup> was brought into the Pacific only for the "*raison d'état*" of France and was quite irrelevant to regional concerns. Moreover, it complicated the decolonisation question. French nuclear testing was implemented at the cost of independence of French Polynesia and New Caledonia. By 1960, France was already preparing for the decolonisation of its dependencies in Africa and the Pacific. Yet the decision to begin nuclear testing in French Polynesia saw a reversed independence movement for the French Pacific territories. France was afraid that if New Caledonia gained independence, a "domino effect" would spread to French Polynesia and devastatingly affect France's grand design of global military strategy.<sup>95</sup> France needs New Caledonia's port for the transit of equipment, personnel and naval back-up for the tests. Without such a port under the French control, France would "be at the mercy of foreign governments" which could deny access to the use of naval facilities.<sup>96</sup>

Therefore French "*raison d'état*" prompted France to take priority on nuclear testing over any other policy consideration, especially the call to stop the tests and the call for inde-

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<sup>92</sup> Ray Willis, "Mururoa: The Economic Effects of Atomic Testing in French Polynesia", in France, Oceania and Australia: Past and Present, ed. Robert Aldrich, (Sydney, 1991), p.118.

<sup>93</sup> Chesneaux, France in the Pacific..., p.3.

<sup>94</sup> Georges Martins, "France as a South Pacific Actor", in The South Pacific: Problems, Issues and Prospects, ed. Remesh Thakur, (London, 1991), p.111.

<sup>95</sup> "ANU Conference Looks at French Role in the Pacific", Pacific Report, vol.4, no.2, p.3.

<sup>96</sup> Stephen Bates, The South Pacific Island Countries and France: A Study in Inter-State Relations, (Canberra, 1990), pp.16-17.

pendence. In 1989, Prime Minister Rocard refused local French Polynesia a plebiscite on nuclear testing saying that "French defence policy is decided by the whole of the Republic and not by regions, departments or towns".<sup>97</sup>

Subordinating local pressure to its global interests and aims increased hostility toward France, both from the Pacific island countries and from Australia and New Zealand. The two regional leaders were not convinced by France's rationale that its nuclear tests were justified because they contributed to the international balance of power and world peace. On the contrary, Australia and New Zealand perceived the French presence as destabilising, and contrary to the interests of the West. The Australian opinion expressed in the United Nations in 1985 was that French activities would be "absolutely certain to prejudice the South Pacific People against the West.... If You want the South Pacific to become an area where the Soviet Union, Cuba and others of that stripe can find fertile ground for...anti-west propaganda and activities... then continue with a policy of indifference to what the French are doing there."<sup>98</sup> Australia and New Zealand attempts to end French-testing included taking the case to the International Court of Justice and sponsorship of a nuclear-free zone treaty. However, the US, which also led a globalist policy adopted an understanding attitude and "*laissez faire*" policy to France, and saw the anti-French policy itself as a disadvantage to the interests to the West.<sup>99</sup>

France did not perceive the South Pacific as a region of high risk from East-West tension.<sup>100</sup> Its activities there were not aimed at regional but the global security and its *raison d'etat*. The Pacific has contributed tremendously to France's interests. It was accepted

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<sup>97</sup> Henningham, "France and...", p.169.

<sup>98</sup> *Ibid*, p.223.

<sup>99</sup> Cheseaux, French in..., p.16.

<sup>100</sup> Pacific Islands Monthly, Oct, 1985, p.15.

in a French military research paper that France has "put at stake its fate as a middle-sized world power in the Pacific hemisphere".<sup>101</sup> Therefore, it continued to protect its globalist interests at a high cost. For example, in the mid 1980s, France injected about A\$ 1,450 million annually into its territories in the Pacific.<sup>102</sup> France was also aware of hostile regional feeling toward France but believed it was caused by false perceptions and misinformation spread by Australia and New Zealand,<sup>103</sup> and therefore pursued its interests with threats and isolation. Yet the 1985 Rainbow Warrior incident seriously worsened its relations with Pacific island countries. As the decline of Soviet military threat was more evident in the late 1980s, the French government decided to replace its old approach with "constructive cooperation and gentle persuasion" through aid and diplomacy. France aimed to rectify the false perception and play more constructive and active role in the welfare of the region. The change of the approach was deemed necessary, or France could "risk losing our seat in a Yalta of the Pacific... if we were not able to express our economic, political and military power with the utmost determination".<sup>104</sup>

Among other measures, "opening French Polynesia" enabled leaders of the Pacific island countries to witness and appreciate the high living standard attained through remaining with France. Bilateral aid to Pacific island countries was generously increased, so did business and investment from French businessmen into Anglophone Pacific.<sup>105</sup> While moving closer to Pacific island countries, especially in the less hostile Polynesian and Micronesian groups, France also showed more understanding of the Australian and New

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<sup>101</sup> Floyd K. Takeuchi, "Cheysson...", p.286.

<sup>102</sup> Stephen Henningham, "French Spending in the South Pacific", Pacific Economic Bulletin, vol.4, no.2, Dec., 1989, p.31.

<sup>103</sup> Bates, The South Pacific..., p.97.

<sup>104</sup> Chesneaux, France in..., p.13.

<sup>105</sup> Henningham, France and ..., p.215.

Zealand approach and encouraged a constructive dialogue.<sup>106</sup> The first visit of a French Foreign Minister to Australia and the first ministerial visit to New Zealand were in 1984.<sup>107</sup>

In general, France's new approach has secured broader acceptance of the view that France had a legitimate role to play and contribute to make to the region's economic welfare.<sup>108</sup> Fiji greatly appreciated French aid and recognition after its coup had prompted Australia, its biggest donor, to stop its aid. In 1989, Cook Islands Prime Minister Geoffrey Henry, had significantly softened his comment on France' nuclear tests to a "non-issue".<sup>109</sup> The French tests, however, still attracted strong denunciation from Pacific island countries in the beginning of the 1990s.<sup>110</sup>

The end of the Cold War and the progress in strategic arms reduction did little to change France's perception that nuclear-deterrence is still vital for global security.<sup>111</sup> President François Mitterand confirmed in July 1992 that France should keep its nuclear capabilities so long as other powers had not considerably reduced their nuclear armaments.<sup>112</sup> Yet France had to respond to the post-Cold War situation and agreed to suspend its tests for the 1992 series.<sup>113</sup> With further success of strategic arms reduction in the START II Treaty, signed on 3 January 1993, France extended its declared moratorium on nuclear tests indefinitely on the condition that the United States and Russia did

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<sup>106</sup> *Ibid*, p.225.

<sup>107</sup> Takeuchi, "Cheysson...", pp. 284-5.

<sup>108</sup> *Ibid*, p.219.

<sup>109</sup> *Ibid*, p.216.

<sup>110</sup> The Evening Standard, 31 July, 1991.

<sup>111</sup> David Robie, "In Defence of Nuclear Testing", Pacific Islands Monthly, March, 1992, p.11.

<sup>112</sup> Dominion, 16 July 1992.

<sup>113</sup> The Evening Standard, 9 April, 1992.



likewise.<sup>114</sup> With the changing security environment of the post cold war world, France had to adapt its security policy accordingly.

### Japan

Japan's perception of security differed from that of other western nations in that Japan emphasized comprehensive security. To Japan, comprehensive security was based on the "triad of diplomacy, defence and economic assistance".<sup>115</sup> Of the three, economic security was the most important, because as economic power, Japan was dependent on its undisrupted shipping and friendly trade. Japan always insisted that its diplomatic and economic efforts had contributed to western allies' security on a par with military aspect.<sup>116</sup>

The importance of the Pacific Island region to Japan was therefore seen in the economic terms. The Pacific was an important additional source of raw materials for the Japanese economy, especially minerals, timber and seafood. Japan resumed its purchase of minerals from Nauru and New Caledonia as early as the 1950s and other economic and commercial activities soon followed.<sup>117</sup> Australia is an important supplier of coal, iron ore and uranium.<sup>118</sup> Japanese fishing companies were active in the Pacific because about 40% of Japan's local fish need had to be supplied from outside the country and one-third of the entire tuna catch of the Pacific was sent to Japan. Pacific island countries' declaration of

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<sup>114</sup> Dominion, January, 15, 1993.

<sup>115</sup> Russell Solomon, The Role of Japan in United States Strategic Policy for Northern Asia, (Canberra, 1986), p.20.

<sup>116</sup> Frank C. Langdon, "Is Japan Ready to Become a Full Western Ally?", The Pacific Review, vol.1, no.1 (1988), p.69.

<sup>117</sup> David Knibb, "Japan Trades on Wrong Approach in South Pacific", The Asian Wall Street Journal, 26 March 1987.

<sup>118</sup> Sheldon Simon, The Future of Asian-Pacific Security Collaboration, (Toronto, 1988), p.45.

their EEZs in 1978 therefore had an enormous impact on Japan and prompted it to seek arrangements with Pacific island countries to ensure its fish supply could be continued.<sup>119</sup> Japan sought to protect its economic activities in the Pacific islands and its shipping routes to other regions. Japan's economic interests were protected mainly through economic and diplomatic efforts.

Japan was drawn into the Cold War conflicts as early as the 1950s because its geographical circumstances were ideal for blocking the Soviet movements in the Pacific Ocean and the East China Sea.<sup>120</sup> The US used Japan to host the US troops, military communications, command facilities and supply services to US ships and planes.<sup>121</sup> Yet Japan was very hesitant about increasing its military role and continued to contribute to security through aid. From the mid 1970s, Japan was under constant pressure from the West, especially the US, which dismissed Japan's aid contribution as "another excuse to do very little in military defence".<sup>122</sup>

Japan was more actively integrated into the Cold War conflicts in the 1980s when the US sought its increased burden sharing by controlling parts of the sea lane of communication of the West in 1000-mile zone from Honshu to the Philippines and East of Guam.<sup>123</sup> It was also the time when Japan felt its security environment was threatened. The Soviet Union increased its military presence in Asia-Pacific region through a major force buildup. The Soviet forces in the early 1980s in the region included one third of its total strategic missiles,

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<sup>119</sup> Yoshio Okawara, "Japan's Plea: Give Us Access to Your Waters", Pacific Islands Monthly, April 1978, p.10 (The author was the Japanese Ambassador to Australia).

<sup>120</sup> Paul Keal, Japan's Role in United States Strategy in the Pacific, (Canberra, 1986), p.2.

<sup>121</sup> Langdon, "Is Japan ...", p.66.

<sup>122</sup> *ibid*, p.69.

<sup>123</sup> Keal, Japan's Role..., p.5.

a quarter of its naval ships and 3.6 million ground troops.<sup>124</sup> While the Soviet forces were strengthened, US troops deployments were being reduced under the Guam Doctrine. This resulted in the US Asia-Pacific troops being reduced by 0.6 million and the US calling for its allies to take more responsibility of their security.<sup>125</sup>

The emergence of new independent but economically vulnerable countries and the ANZUS break further increased the opportunity for the Soviet Union to expand its influence in the region and thus threatened Japan's trade routes as well as the interests of the west concerning the Soviet containment. Japan's concerns were much more intensified in the light of these developments which prompted Japan's need to pay more direct attention to the region.<sup>126</sup>

Urging Japan to "look south" and contribute to the stability of the Pacific, the West suggested Japan enhance the West's role through aid.<sup>127</sup> Australia, for example, had for years called Japan to consider security risk which could stem from economic vulnerability of Pacific island countries.<sup>128</sup> This strategy was along the line with Japanese preference. Therefore, with another tension added to the region, the Soviet Union success in signing the fishing agreement with Kiribati in 1985, Japan finally agreed to the long-time western urge.

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<sup>124</sup> Tsuneo Akaha, "Japan's Security Policy After US Hegemony", in The International Relations of Japan, ed. Kathleen Newland, (London, 1990), p. 157.

<sup>125</sup> *Ibid*, p. 156.

<sup>126</sup> Richard A. Herr, "The Region in Review: International Issues and Events", 1988, The Contemporary Pacific, Spring/Fall, 1989, p.147.

<sup>127</sup> Peter Odrich, "Japan Looks Toward The South Pacific As Soviet Influence in Region Grows", The German Tribune, No. 1267, 22 March 1987, p.5.

<sup>128</sup> "Tokyo Bearing Gift", Far Eastern Economic Review, 29 January 1985, p.30.

According to Japan's Minister of Foreign Affairs, Mr. Kuranari, Japan's new move was "a post-war new deal" to secure peace and democracy in the Pacific.<sup>129</sup> As democracy could be protected by prosperity, Japan's aid could contribute by reducing excuses to look for prosperity from undesirable sources. In fact Japan's sudden change of policy in the 1987 made it difficult to find enough suitable projects to support in that year.<sup>130</sup>

Japan maintained its high level of aid after the launch of the Kuranari Doctrine in 1987. Moreover, Japan attempted not to offend Pacific island countries. For example, Japan supported the call for independence in New Caledonia and refused close cooperation with France for fear that its status in the region would be compromised.<sup>131</sup> Japan also agreed to suspend driftnet fishing from mid 1990, one year in advance of the deadline set by the United Nations.<sup>132</sup> Therefore, Japan's approach effectively contributed to the success of the "strategic denial" to the Soviet expansion of its influence into the region. With Japan as "a Northern anchor" and Australia and New Zealand as "a Southern anchor",<sup>133</sup> western interests were well secure.

Having made important impacts on regional politics and security, post Cold War Japan seeks to expand its role in political and economic security arenas of international relations.<sup>134</sup> While maintaining aid-giving as its vital strategy, Japan is beginning to be more military-oriented. In 1992, Japan sent its troops overseas for the first time after the

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<sup>129</sup> "Working Towards 'The Pacific Future Community' ", Address by H.E. Mr. Tadayashi Kuranari, Minister of Foreign Affairs of Japan, Suva, Fiji, 14 January 1987. Text provided by the Embassy of Japan, Canberra.

<sup>130</sup> Peter Hartcher, "Enlightened Self Interest in Japan's Island Diplomacy", *The Age*, 17 January, 1987.

<sup>131</sup> Peter Hartcher "Japan Cool on France's Pacific Plan", *The Sydney Morning Herald*, 8 September 1987.

<sup>132</sup> Sadaaki Numata, "Japan's Cooperation With the South Pacific Region", *Pacific Economic Bulletin*, vol.5, no.2, December 1990, p.9.

<sup>133</sup> Hartcher, "Enlightened...".

<sup>134</sup> Akaha, "Japan's Security Policy...", p. 149.

Second World War to join the United Nations Peace Keeping Forces in Kampuchea.<sup>135</sup> The trend was confirmed by Japan's Foreign Minister Watanabe that the entire Japanese army should be converted to a peace keeping force ready to help patrol trouble spots around the world to maintain global peace and order under the leadership of the United Nations.<sup>136</sup>

The security concerns and policies of the West involved in the Pacific Islands Region as discussed imply the linkage between security and development aid. The next chapter will further explore the linkage of these two factors from the post Second World War to the current post Cold War time.



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<sup>135</sup> The Dominion, 17 June 1992.

<sup>136</sup> The Evening Standard, 6 January 1993.

## Chapter Seven

### The linkage of aid and security concerns of donors

Aid in itself is an instrument of sanction. It can be used to promote development and welfare in recipient countries as well as to serve the purposes of donors. The chapter is not aimed to explore the morality of aid but to demonstrate the linkages between aid and the economic, political and strategic concerns of donors, with more emphasis on the latter two aspects as "security concerns" of donors rest predominantly within them.

In general, there is a notion that commercial, military or political motives of donors can be "bought" through aid and empirical evidence can be used to support this hypothesis.<sup>1</sup> For economic and commercial purposes, tied-aid used to procure goods and services of donors' origin has been a common practice. The recent British aid has one of the highest proportion of tied-aid among western donors.<sup>2</sup> About 80% of Japanese aid during the 1970s was tied to Japanese goods and services while the "buy American" requirement during the 1960s was even higher.<sup>3</sup> In 1968, the State Department commented that "the biggest single misconception about the foreign aid program is that we send money abroad. We don't. Foreign aid consists of American equipment, raw materials, expert services and food...

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<sup>1</sup> Paul Streeten, The Frontiers of Development Studies, (London, 1972), p. 301.

<sup>2</sup> OECD, Development Co-operation: 1991 Report (Paris, 1991) p. 151.

<sup>3</sup> William Wiseley, A Tool of Power: The Political History of Money, (New York, 1977), p.234.

Ninety-three per cent of A.I.D. funds are spent directly in the United States to pay for these things."<sup>4</sup>

Furthermore, aid was used to create strong trade affiliations with donors. It was hoped that trade would follow aid, so that "the present sacrifice of aid resources will be economically justified by the gain of markets".<sup>5</sup> Other than export orders from the recipient countries, aid can also come back to donor countries in other forms such as remittances as from the French aid to its overseas territories.<sup>6</sup>

In the Pacific where most of aid is grants rather than loans and altruism plays an important part in donor's motives, the practice of "charity may begin abroad but sometimes ends up at home"<sup>7</sup> has also been featured. For example, more than two-thirds of New Zealand aid is used to procure New Zealand-based goods and services, especially education.<sup>8</sup> Before the 1990s, Japan's aid was heavily tied and was often negotiated in relation to fishery agreements.<sup>9</sup> Likewise, in a recent attempt to protect Australian businessmen, the Australian High Commissioner to Vanuatu told his host country that Vanuatu's new law empowering its finance minister to refuse business licenses without having to give a reason could "affect" Australian aid to Vanuatu.<sup>10</sup>

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<sup>4</sup> Tibor Mende, From Aid to Re-colonization: Lessons of a Failure. (New York, 1973), p. 69.

<sup>5</sup> Henry O. Johnson, The Crisis of Aid and the Pearson Report, (Edinburgh, 1970), p.22.

<sup>6</sup> Mende, From Aid..., p.68.

<sup>7</sup> Streeten, The Frontier..., p.308.

<sup>8</sup> OECD, Development Co-Operation..., p.146.

<sup>9</sup> Roy Eccleston, "South Pacific Angry over Japan Snubbing Fish Deal", The Australian, 8 Sept., 1988.

<sup>10</sup> "Vanuatu and Australia: Pacific Storms", The Economist, 11 July 1992, p.28.

More explicit, however, was the fact that strategic and political concerns of donors contributed significantly to their aid policies as can be seen in their dealing with developments that affected their interests. The first of such developments was started in the 1960s when the "safe" strategic environment created after the Second World War was challenged by the decolonisation process which enabled island states to form a relationship with any country of their choice. Yet some islands were so vital to the strategic or political concerns of the West that they sought continued close control of them through exceptionally high levels of aid as in the case of France with New Caledonia and French Polynesia or the US with its "Strategic Trust" in Micronesia, or Australia with Papua New Guinea. As it turned out, some islands such as Papua New Guinea prolonged their dependence for fear of potential aid reduction, while others had to compromise their full political independence. The leader of the Palauan delegation negotiating association with the US accepted, "... we need the money... If we didn't need US help, we would have gone for complete independence and not just free association".<sup>11</sup>

Aid giving was also to "secure" the newly independent states with the West and to prevent undesirable development which might cause instability or external intervention in the region. Such a notion linked the internal development and welfare of Pacific island countries to regional security. The resource-poor and other dependent characteristics pertinent to Pacific island countries were seen as the region's vulnerability to external influences. The Western powers shared the view that if they increased welfare to Pacific island countries, those states would remain friendly to powers that had made their development

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<sup>11</sup> Greg Fry, South Pacific Regionalism: The Development of an Indigenous Commitments, unpublished M.A.Thesis, Dept. of Political Science, School of General Studies, Australian National University, 1979, p.17.



possible.<sup>12</sup> Therefore, the means of influencing the internal development and welfare of Pacific island countries, especially through aid, was considered vital to the promotion of regional security.

The advent of the Cold War added a new dimension to the aid policies of the West. The global containment of communism was the chief security goal of the West and aid was used toward this aim to an extent that the real needs of recipient countries could be superseded. For example, in 1967, US aid to Vietnam alone tripled its aid to 38 African countries. South Korea received more US aid than India, Pakistan, Ceylon, Burma and the Philippines together.<sup>13</sup>

In the Pacific, when the strategic concerns of the West were based on Cold War thinking, especially from the 1960s to the 1980s, the linkage between strategic concerns and aid was clear. The linkage was based on the notion that countries which were weak economically would be attracted to Soviet offers which were interpreted as a preliminary step for gaining a foothold in an exclusive area of the West in the Pacific island region. When the "threats" in the Cold War thinking arrived with the Soviet offers of aid to Tonga in 1976, the West countered the Soviet offer by increasing their aid to Pacific island countries. After a few months of the Soviet offer, Australia quadrupled its three-yearly aid for Pacific island countries from A\$15 million to A\$60 million,<sup>14</sup> and New Zealand responded in a similar

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<sup>12</sup> Fry, South Pacific Regionalism..., p.57.

<sup>13</sup> Mende, From Aid..., p.73.

<sup>14</sup> Fry, South Pacific Regionalism..., p.282.

way.<sup>15</sup> There was also a reorientation of New Zealand security policy in the South Pacific which resulted in the shift of New Zealand focus from Asia under the Colombo Plan to the South Pacific, and more than half of New Zealand aid went to the Pacific Forum.<sup>16</sup> Australia and New Zealand also persuaded the US to increase its aid. They argued that US neglect could "assure that some island states might respond to Soviet overtures and permit Moscow to establish a foothold in the area". This prompted the US to establish the Agency for International Development (A.I.D.) as a South Pacific Aid program to supplement to Australia and New Zealand efforts. the US A.I.D. funding of projects in the Pacific island countries amounted to US \$3.3 millions during 1977-1979.<sup>17</sup>

Therefore, aid-giving has become a means of eliminating a chance in which Pacific island countries might be tempted to accept aid offers from "undesirable" sources and to keep the region the Soviet-free zone. Even the Soviet expansion outside the region could have a side effect in the Pacific. Concerned at the Soviet invasion of Afghanistan, Australia doubled its aid to Pacific island countries to promote, on behalf of the West, an environment that would effectively exclude the Soviet Union from the region.<sup>18</sup> Hence a broad parameter of aid policy was set to accommodate the security requirements of the West through "strategic denial".

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<sup>15</sup> *Ibid.*, p.288.

<sup>16</sup> Steve Hoadley, "New Zealand's International Aid", in Beyond New Zealand II: Foreign Policy into the 1990s, ed. Richard Kennaway and John Henderson, (Auckland, 1991), p.199.

<sup>17</sup> John C. Dorrance, Oceania and the United States: An Analysis of US Interests and Policy in the South Pacific, (Washington D.C., 1980), pp. 59-61.

<sup>18</sup> Greg Fry, Australia's South Pacific Policy: From 'Strategic Denial' to 'Constructive Commitment', (Canberra, 1991), p.5.

The second Soviet attempt in the mid 1980s to expand its influence through fishing agreements were met with similar reaction from the West. From 1984 to 1987, New Zealand aid to Pacific island countries was increased by 40% from NZ\$ 50 million per year to nearly NZ\$ 70 million.<sup>19</sup> The US paid much more attention to the South Pacific and a number of "study missions" were sent to the region. The US State Department was aware of the link of aid and security and openly accepted that, "unless the islands can reasonably provide for their people, the region's political institutions will come under considerable and perhaps irresistible pressure to adopt more radical solution".<sup>20</sup> The report of one of the study missions confirms that the new generation island leaders would "increasingly look beyond traditional sources within and outside the region for guidance in developing...",<sup>21</sup> and the 1990 "Solarz report", urged an increase of US bilateral aid to the region.<sup>22</sup>

While the US increased its diplomatic network and built closer relations, it did not dramatically increase its aid to the region. Instead, it called upon Japan to enhance the role of the West and make a greater effort to maintain security and political stability in the region, especially in term of aid. Japan's Kuranari Doctrine in 1987 emphasized that attempts to secure peace and stability in the region were not prompted by intrinsic commercial interests

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<sup>19</sup> Richard W. Baker, The International Relations of the SouthWest Pacific: New Visions and Voices, (Honolulu, 1992), p.12.

<sup>20</sup> David Knibb, "Japan Trades on Wrong Approach in South Pacific", The Asian Wall Street Journal, 26 March 1987.

<sup>21</sup> Report of A Minority Staff Study Mission to the Committee on Foreign Affairs, US House of Representatives, (Washington D.C., 1989), p.4.

<sup>22</sup> Problems in Paradise: United States Interests in the South Pacific, Report of a Congressional Delegation to the South Pacific, August 5-16, 1989. (Washington, 1990), p.74.

as before, but arose from security concerns.<sup>23</sup> Japan defined its aid as a part of the cost of maintaining the comprehensive security for the region.<sup>24</sup> Japan's aid to the Pacific was increased from US\$55 million in 1986 to US\$95 million in 1988 and US\$98 million in 1989.<sup>25</sup> Japan also allocated US\$0.4 million per year to the South Pacific Forum Secretariat from 1988.<sup>26</sup>

Apart from strategic security, aid was also used to as 'carrots and sticks' to sanction the political interests of donors. For example, when Australia wanted to play down the border tensions between Papua New Guinea and Indonesia, it threatened to cut Vanuatu's aid if Vanuatu assisted the anti-Indonesian movement in Irian Jaya.<sup>27</sup> In an attempt to maintain its prestige in the region, the US saw the aid it would offer Pacific island countries as "a small price to pay to prevent an otherwise inevitable return to erosion of goodwill and of our position in the area".<sup>28</sup> The US decision to sign the fisheries agreement with Pacific island countries in 1986 was reached after the presence of the Soviet threat and partly to contribute to the US wish to retrieve its "reservoir of goodwill". The agreement bound the US to pay

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<sup>23</sup> Richard A. Herr, "The Region in Review: International Issues and Events, 1988" The Contemporary Pacific, Spring/Fall 1989, p.147.

<sup>24</sup> Juichi Inada, "Japan's Aid Diplomacy: Economic, Political or Strategic?", in The International Relations of Japan, ed. Kathleen Newland, (London, 1990), p.102.

<sup>25</sup> Ministry of Foreign Affairs, Japan, Japan's ODA: Official Development Assistance Annual Report 1991, (Tokyo, 1992), p. 63.

<sup>26</sup> "Japan's Official Development Assistance to the South Pacific Countries", a speech by Counsellor Hajime Sasaki, Japanese Embassy, Wellington, at Massey University, 28 August 1992.

<sup>27</sup> Pacific Islands Monthly, December 1980, p.41.

<sup>28</sup> Dorrance, Oceania and..., p.63.

five installments of annual contribution comprising US\$2 million for fees, US\$9 million for grants and US\$1 million for project assistance.<sup>29</sup>

Aid as a tool for political sanction was often manifest in French policy. To discourage its colonies from opting for independence, for example, France threatened to cut all of its aid to them. A few months after Vanuatu's independence, it faced the French threat of aid-cutting if it did not stop supporting liberation movements in New Caledonia. Being highly dependent on the French aid, and having no alternative sources, Vanuatu had to compromise.<sup>30</sup> In 1981, France offered A\$ 6.9 million to induce Vanuatu to sign a cooperation agreement which bound Vanuatu to stop interfering with New Caledonia and to protect the property and well-being of French citizens in Vanuatu.<sup>31</sup> In 1986, France warned Pacific island countries that were hostile to France nuclear testing and independence questions that "economic assistance would not be forthcoming in these regional states which are doing all they can to chase us out of the Pacific".<sup>32</sup> After a change of the government in the same year, France adopted a new policy aimed at discouraging Pacific island countries from being hostile to France. "Aid diplomacy" was used toward this end. France increased its aid to Pacific island countries, for example, from 5 million French francs for Fiji in 1986 to 30 million in 1987. Emergency aid was tripled from 10 million French francs in 1986 to 29 million in 1987. However, most French aid was still channeled to regional organization. The French contribution to the South Pacific Commission was 13.95 of the

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<sup>29</sup> Robert G. Sutter, Australia, New Zealand and the Pacific Island's Issues for US Policy in the 1990s, (CRS Issue Brief, Congressional Research Service, Washington D.C., 1992), p.7.

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<sup>31</sup> Bates, The South Pacific..., p.69.

<sup>32</sup> F.A. Mediansky, "Threat Perception in the Southwest Pacific: An Australian Perspective", in Pacific Security Toward The Year 2000, ed. Dora Alves, (Washington D.C., 1988), p.294.

SPC's total budget in 1988.<sup>33</sup> The enormous amount of aid that France and the US have poured into their territories which they retain for political and strategic purposes is another explicit linkage of aid and the ulterior motives.

Maintaining the stability of the region is still vital to serving the economic-politico-strategic interests of the West in the post Cold War era. The end of the Cold War only removed threats to regional stability defined along the line of the East-West tensions, but other threats that are not related to, but are masked by, the Cold War thinking remain. They are threats defined in a broader security notion and concern internal and intra-regional economic, social and political development rather than external threats.<sup>34</sup> Australia and New Zealand have already adjusted their policies accordingly. While the US saw its new challenges as "meeting new requirements for global security and stability, promoting democracy, and enhancing world economy growth and prosperity",<sup>35</sup> it is determined to keep its 'Pacific power' status and play the role of the "balancer" to promote regional order and stability.<sup>36</sup> Japan has declared its intention of using its aid to contribute to the creation of a new world order which "first of all guarantee peace and security".<sup>37</sup> France confirmed its interests to retain control of its South Pacific territories despite dropping the Cold War

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<sup>33</sup> Bates, The South Pacific..., p.7.

<sup>34</sup> Greg Fry, "The Region in Review: International Issues and Events, 1990", The Contemporary Pacific, Fall, 1991, pp.398-9.

<sup>35</sup> Address of President Bush Before the Korean National Assembly, Seoul, 6 January 1992. Text provided by the US Embassy, Wellington.

<sup>36</sup> Fry, "The Region...", p. 395.

<sup>37</sup> Ministry of Foreign Affairs, Japan, Japan's Official Development Assistance, Report 1991, (Tokyo, 1992), p.3.

justification for its presence.<sup>38</sup> Added to the West, outsiders such as Indonesia, the People's Republic of China (PRC) and Taiwan, have expressed their interests in the region.

All these continued interests and involvement have resulted in an uninterrupted aid flow to the region. Apart from Taiwan's "chequebook diplomacy" which is a vital weapon in its diplomatic rivalry with the PRC, the West continue to pursue its interests through aid. Australia's aid to the region was increased from A\$ 84.4 million (excluding aid to Papua New Guinea) in 1989 to A\$ 88.1 million in 1990 and A\$ 91.9 million in 1991,<sup>39</sup> and Australia still sees aid as a major tool to maintain the regional stability.<sup>40</sup> Likewise, New Zealand's aid to the Pacific island countries was increased from NZ\$73 million in 1991 to NZ\$ 75 million in 1992 despite a three per cent cut in the overall New Zealand aid.<sup>41</sup>

Japan's aid was increased from US\$ 93 million in 1988 to US\$ 98 in 1989 and US\$ 114 million in 1990.<sup>42</sup> The US aid was US\$ 20.3 million in 1989, US\$ 18.9 in 1990 and US\$ 22.5 in 1991,<sup>43</sup> The level of aid has not been affected significantly by the demise of the Cold War for the security concerns of the West have expanded to cover broader notion of security. Furthermore, their own economic interests can be served by keeping their presence and

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<sup>38</sup> Fry, "The Region ...", p. 397.

<sup>39</sup> Australia's Overseas Aid Program: 1991-92, Budget Related Paper N0.4, (Canberra, 1991), p.23.

<sup>40</sup> Richard Woolcott, "Asia Pacific: Australia's Challenge for the '90s", An Address given to the National Conference of the Royal Australian Institute of Public Administration in Darwin, 12 September 1991, in The Monthly Record, September 1991, p.555.

<sup>41</sup> Ministry of External Relations and Trade, Official Development Assistance Programme 1991/92, (Wellington, 1991), Official Development Assistance Programme 1992/93(Wellington, 1992), and The dominion, 30 December 1992.

<sup>42</sup> Ministry of Foreign Affairs, Japan, Japan's Official..., *op. cit.*, p.63.

<sup>43</sup> Information from United States Agency for International Development, in Greg Fry, "At the Margin: The South Pacific and Changing World Order", unpublished paper 1992, p.30.

influence in the region which is adjacent to the "Pacific Basin" which is perceived to be the most dynamic economically and dominate the world trade in the near future. The Western powers are therefore likely to maintain their presence and "make their investment" in the Pacific island region.<sup>44</sup>

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<sup>44</sup> Barrie Macdonald, "Towards a Pacific Island Community?: Geographical and Regional Perspectives on New Zealand's Relationships With the Small States of Oceania", in Pacific History: Papers From the 8th Pacific History Association Conference, (Mangilao, Guam, 1992), p.320.



## Summary

Driven by various security needs, European nations have become involved in the Pacific island region since the 16th century. Over centuries of contact, Pacific islands were explored, exploited, controlled, decolonized and eventually emerged into the mid 20th century as independent polities with an aid-dependent economic base. While aid dependency of the Pacific island countries was developed through the course of these contacts, the roles and policies of European donors were significantly motivated by security needs.

European exploration in the 16th and 17th centuries did not leave much impact on the region apart from Micronesian islands coming under Spanish claims and Western New Guinea under Holland. The 18th century search for *Terra Australis Incognita* brought another surge of contacts yet commitment was kept minimal for the costs of having overseas possessions still outweighed the benefits. By the 19th century, Holland and Spain faded from the Pacific scene and in their place came Britain, France, Germany, and the United States. The new expansion was encouraged by changing socio-politico-economic atmosphere in the West. The expansion of industrialisation created the need for more raw materials, more investment and markets, all of which had good prospects overseas. The revived missionary zeal and evangelical movements fanned by Darwin's theories of natural selection led to belief in "white supremacy" and the "white man's burden" to salvage thousands of the "heathen" found centuries ago. Furthermore, the international environment saw religious rivalry, continued antagonism between Britain and France, and aggressive German expansionism.

International rivalry coupled with naval expansion and new military technology put European powers in a ready state for imperial expansion.

In the 19th century, a new phase of European expansion was marked by an influx of traders, settlers and missionaries into Pacific islands. Informal spheres of influence were established. Conflicts and problems that entailed the contacts opened opportunities for intervention. Nevertheless, European governments attempted to keep only loose control in islands to avoid unnecessary conflicts with each other. By the mid 19th century, investment and commerce grew along with lawlessness and disorder to a point where loose control was no longer sufficient. Security concerns over securing coaling, cable and wireless stations, protecting trading routes, nationals and national investment or other interests also increased. France started formal annexation in 1842, Germany, the US and Britain followed suit. By the end of the 19 century, all islands apart from Tonga were formally colonised.

Under colonial rule, Pacific islands were brought from a subsistence state into a cash economy but were given little economic assistance. Metropolitan governments, policy of non-subsidy of colonial administrations forced administrators to rely on and promote private investments. In turn, local resources were severely exploited, the economic dualism of an export economy and a subsistence sector were created, and the export-import gap widened as local people were encouraged to enjoy Western goods and were thus made dependent on imports. While little genuine economic development was possible under these conditions, social development was generally ignored. Health services were limited, and so was education which was largely left as the responsibility of missionaries. The change of colonial masters for some countries in the aftermath of the First World War did not

significantly change colonial policies. In most cases Pacific islands' economies worsened from increased demand of imports and a "dual mandate" which sought to legitimize the exploitation of islands' resources. It was not until the Second World War drew near that colonial reform was even considered. Britain led the way with its 1940 Colonial Development and Welfare Act that provided dependencies with special monetary allocations for development.

The post Second World War developments significantly shaped the "future" of the Pacific island region. The war raised the strategic importance of some islands, resulting in the creation of the "strategic trust" of Micronesian groups. Yet the most significant development was decolonisation. While the war experiences of islanders challenged the *status quo* of their European rulers, rivalry in the post war bipolar world order saw the "superpowers" calling for independence of the colonized to "win" these politics. The internal drive for a change coupled with international pressure resulted in the decolonisation process globally and finally in the Pacific region. Decolonisation process called for colonial reform. Politically, Pacific islands were endowed with Western political institution. Yet in the process of economic and social reform, Pacific islands entered an aid era which was partly a side-effect of the massive aid injection through numerous, large-scale development projects which in turn, incurred recurrent costs far beyond the support capability of the meagre local revenues. On one hand, decolonisation saw full political independence of many Pacific states but on the other hand, full political independence was prolonged or denied in the islands that held economic, political and strategic interests of the West. For example, commercial consideration was attached to the preparation for Nauru's independence and strategic concerns delayed independence of the US Trust Territories; France is still

denying independence to New Caledonia and the French Polynesia. Discontent over arbitrary integration of islands during the annexation period manifested itself during the decolonisation process through numerous separatist movements which became a potential threat to regional stability in the years to come. Generally speaking, however, decolonisation resulted in Pacific island countries being firmly pro-western in their political orientation and independence was achieved with relatively minor troubles or violence.

Nevertheless, on the economic front, most Pacific island countries also became heavily aid-dependent. So much aid has been injected into the region that aid as percentage of government revenues and of GNP exceed 100% in some cases and per capita of Pacific island countries is high. While the level of aid dependency varies from the totally dependent such as Niue, to the middle-range such as Fiji and the totally independent such as Nauru, bilateral aid plays a vital role in the economy of the Pacific island countries. Bilateral aid was mostly grants, often given as budget support and for government administrative costs, and aimed to maintain high living standard and expectations. Therefore, while some donors such as New Zealand and other small donors keep a rather well-proportioned aid distribution, many bilateral donors allocated more of their aid to island countries with which they have historical links. Accordingly, some recipient countries such as Papua New Guinea and the territories of France and the United States have dominant donors while some do not. It is also noteworthy that aid in the Pacific islands does not target basic needs (except after natural disasters) but to improve services and qualities of life and therefore some ended up in wasted projects.

The large-scale aid-giving could be better understood by looking at both the "push factor" of the real need of the Pacific island countries and the "pull factor" of the willingness to give aid of donors. Aid-reliance of Pacific island countries is caused by geographic disadvantages of smallness, remoteness and being resource-poor, as well as the fact that local revenues which come mainly from a narrow range of export of primary products which have a low-demand elasticity and are subjected to price fluctuation in world market simply cannot support recurrent costs of development projects nor high expectation and living standard of the people. Donors' motives for giving aid range from altruism and a perceived obligation to help, to the ulterior motive of using aid to serve the ends of economic, political and strategic security. With these push and pull factors together, aid flows into the Pacific island region have been plentiful.

Security concerns are multi-faceted and the perception of security was greatly different between the West and the Pacific island countries. The concerns of the West rest primarily in the Cold War framework and hence concentrated on maintaining the stability of the region in the pattern they prefer - Pacific island countries remaining in the exclusive sphere of influence of the West and being "safe" under the ANZUS umbrella while the region being free from interference of undesirable outsiders. The preferred pattern began to be challenged by decolonisation which enabled Pacific island countries to form relationships with "outsiders", especially with the Soviet Union, and pursuing foreign policies that might harm the interests of the West. The Soviet involvements in the mid 1970s and 1980s through aid-offering, fishing agreements and trying to get shore facilities alarmed the West while Vanuatu-Libya connection worried them. The anti-nuclear feeling of Pacific island countries resulted in a regional nuclear-free zone treaty which could affect the global nuclear deterrence

of the West. The West perceived, in Cold War thinking which emphasized the Soviet containment, all these developments as "threats" to the stability of the region and thereby to their own security. The Pacific island countries' concerns, however, were centred on their economic vulnerability, the environmental problems which threaten their livelihood as well as their source of income in the EEZs, and the internal and intraregional unrest such as from potential civil war, border problems and civil violence. Until the end of the Cold War lifted the Soviet threat, the security concerns of Pacific island countries were often subordinate to these of the West. Nevertheless, the economic vulnerability of Pacific island countries was important in the Cold War thinking, because it was the weakpoint of the region which could facilitate the Soviet attempt to expand its influence into the region

To strengthen this weakness, aid was given to Pacific island countries to minimize the chance of these countries being tempted to received assistance from undesirable source. Aid-giving was practiced by all the Western countries involved in the region. However, the policies of the West differed in details. Australia from the 19th century to the 1980s countered perceived external threats with "strategic denial", with varying strategies of annexation, alliance, forward defence and a multi-dimensional approach including diplomacy and aid. Australia acted as an agent of the West and its security policies were globalist-oriented until policy revisions in the late 1980s put more emphasis on the real problems of the region. New Zealand shared the goal of strategic denial but in later years held a strong anti-nuclear policy which led to a break with the ANZUS pact and became more regionalist-oriented. The US policies were led by the Cold War thinking and were highly globalist-oriented. The Pacific island region was of less importance than Europe or Asia where the Cold War fronts were centred and the Pacific suffered from "benign neglect" until

the mid 1980s when changing situation forced the US to take a more direct and closer stance. Britain was not strategically active in the region. France's policies were extremely globalist-oriented. France's aim to maintain its "middle-sized world power" status forced it to keep its colonies and the nuclear testing programmes, causing the most serious potential threat to the region in the eyes of Pacific island countries, Australia and New Zealand but contributing to the global deterrence in the view of other Western nations. It was not until the late 1980s that France began to alleviate the hostile feelings of Pacific island countries by extending more assistance to them. Japan concentrated on comprehensive security based on diplomacy, defence and aid but was forced by the US to take more responsibility in the Pacific on behalf of the West and thus began to give aid at a high level after 1987.

In all cases, there was a linkage between aid and security concerns of the West. Aid-giving contributed to the benefits of donors both in economic terms where aid was tied to the procurement of donor's origin resulted in the flows back to the donors, and in political and strategic concerns. Linking the welfare of Pacific island countries to regional and thereby donor's security, the West used aid to "win friends" to secure the newly independent states with the West and to prevent undesirable development which might bring external intervention or cause instability to the region. Aid also enabled donors to achieve their political or strategic goals, such as continued close control of the territories that were important to their political or strategic plans as in the case of the US Trust Territory and the French territories. Likewise, aid played a vital role in the "strategic denial" as donors increased aid to Pacific island countries after the Soviet "interference" in the region. Aid can even be a tool for political sanction as was often manifest in French policies. Even in the

post Cold War era, aid still plays an important role in maintaining the stability of the region which is important to the economic-politico-strategic interests of the West.

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## Appendix

TABLE 1

## Commodity Price Fluctuations

	1960	1965	1966	1971	1976	1985	note
Cocoa	0.59	0.37	0.52	0.54	2.05	2.26	note 1
Sugar	8	0.06	0.05	0.11	0.27	0.11	note 2
Phosphate	13	14	13	11	36	34	note 3
Timber	35	40	38	45	142	174	note 4
Coconut oil	312	348	324	371	418	590	note 5
Copra	207	227	185	189	275	386	note 6
Palm oil	228	273	236	261	407	501	note 7

## Notes :

- 1 US\$ per Kilogram
- 2 US\$ per kilogram
- 3 US\$ per metric ton
- 4 US\$ per cubic ton
- 5 US\$ per metric ton
- 6 US\$ per metric ton
- 7 US\$ per metric ton

Source : World Bank, COMMODITY TRADE AND PRICE TRENDS,  
Edition 1987-88, pp.18,19,49,56,61,64,74,92.

TABLE 2

## Aid Per Capita (US\$)

	1972	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1990
All Oceania													(10.3% of GNP)
American Samoa		1466	1309	1002	1287	1203			1045	1145	1174	1470	
Cook Islands		417	367	402	614	593	591	522	454	424	536	663	
Fiji	17	31	43	50	55	61	52	49	43	33	38	24	
French Polynesia		588	642	987	1114	940	1082	1064	956	940	1240	1569	
Guam		179	986	951	933		342		553	330	281	415	
Kiribati	59	911	190	155	339	254	242	270	206	180	219	233	
Nauru									6	5	3	6	
New Caledonia		551	837	1060	1456	1036	1052	1238	829	908	621	531	
Niue			1150	1356	1145	1289	1321	1846	1078	1238	1782	2089	
Papua New Guinea	70	86	100	91	112	107	95	104	93	70	85	104	
Solomons	58	78	124	117	162	130	112	108	70	38	133	86	
Tokelau		706	648	1110	1245	860	1217	1112	1061	917	773	1257	
Tonga		63	104	243	158	189	175	189	157	76	94	140	
Tuvalu		320	352	601	676	698	773	519	641	381	444	631	
Vanuatu	64	112	185	330	384	257	275	207	227	176	160	179	
Wallis and Futuna		368	253	750	798	755	589	126	115	779	1307	1426	
Western Samoa		124	129	193	159	157	140	167	120	73	105	114	
TTPI		683	997	835	1299	946	1058	872	1116	936	1385		
FSM											719	462	
Marshalls								502	513	530	444		
Northern Marianas								2776	2464	4012			
Palau					1427	1653	1484	1572	1709				

## Source :

- (1) South Pacific Economies Statistical Summary Nos. 4,6,9,10,11
- (2) Aid and the Commonwealth 1973, p.28
- (3) Aid Research Newsletter, No.1, August 1980, p.6
- (4) OECD : Development Cooperation 1991 Report, p.189

TABLE 3

## Aid as percentage of GDP

	1982	1983	1987	1984	1985
Fiji	3	3	3	3	2
PNG	13	14	12	13	10
Solomons	17	18	15	-	-
Tonga	21	32	20	-	-
Vanuatu	32	30	13	-	-
New Cal.	17	22	37	-	-
Fr.Polyne	15	15	53	17	-
Kiribati	53	69	30	43	-
Tuvalu	159	111	110	-	118
Niue	120	137	140	84	-
Wallis & Futuna	-	-	172	-	-
Tokelau	-	-	200	-	-
Cooks	-	-	34	-	-
W.Samoa	-	-	25	-	-

## Source :

- (1) 1977 from Carew-Reid, Jeremy, ENVIRONMENT (Canberra, 1989), p.114.
- (2) Other(2) Other years from South Pacific C NO.9, 1987, p.19.

TABLE 4

## Comparison of Aid and Revenues (US\$ millions)

		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1986	1987	Average 80-87	Average (I)
Fiji	aid	22.50	10.90	21.80	21.40	40.00	48.90	48.00	57.70	56.70	21.10	272.50	177.10	97.43	25
	rev.			149.16	179.01	225.60	263.22	306.00	306.00	288.00	302.25	299.04	286.11	292.95	75
Kiribati	aid					10.21	22.49	15.30	15.25	8.78	13.88	14.31		15.00	52
	rev.					19.66	16.84	16.04	14.65	12.02	12.31	11.04		13.82	48
PNG	aid				290.06	284.73	303.32	334.62	321.70	419.39	280.52	288.09	360.59	329.75	36
	rev.				351.88	398.02	590.22	557.26	555.71	503.00	541.13	592.01	704.55	577.70	74
Solomon	aid						35.72	25.21	25.82	15.47	21.87	37.58	25.33	26.71	43
	rev.						28.08	36.18	40.90	30.62	37.68	35.40	35.39	34.89	57
Tonga	aid								19.11	16.48	6.43	8.95	13.24	12.84	39
	rev.								20.47	16.19	19.14	20.36	24.77	20.19	61
Vanuatu	aid						56.25	29.86	5.17	6.39	6.39	22.41	25.99	21.78	49
	rev.						25.26	13.67	16.08	18.91	22.04	29.20	36.47	23.09	51
W.Samoa	aid				17.17	16.67	25.78	24.19	17.35	35.80	34.86	16.84	18.57	24.77	44
	rev.	19.54	19.54	24.80	25.95	27.89		24.06	28.02	27.47	32.45	35.34	42.00	31.03	56

Source (1) South Pacific Commission

South Pacific Economies No. 4-12

(2) Economic Development in Seven Pacific Island Countries.  
pp.51, 73, 99, 125, 147, 171, 198.

TABLE 5 DONORS' AID DISTRIBUTION

TABLE 5.1

AUSTRALIA'S RECIPIENTS	(US\$ '000)										
	72	73	74	75	76	77	78	79	80	81	
PNG	194420	192640	254150	269800	266100	239900	272755	261543	278036	285300	
Cooks	40	30	80				325	340	216		
Fiji	660	2360	4530	2000	10900	5100	9415	10834	18102	11600	
Vanuatu	120		80	210	1500	2100	800	1663	3058	3607	
Niue							109	121	24	218	
Solomons	100	160	240	1500	1500	2000	3636	4330	5008	4748	
Tonga	170	290	720				4408	4109	3604		
Tuvalu							1074	1456	1840	568	
Kiribati							2876	2645	4641	3200	
W.Samoa	220	330	660				5329	4331	2620	2900	
	82	83	84	85	86	87	88	89	90	91	92
PNG	263294	247452	250892	217735	217576	213653	228967	273242		259740	252096
Cooks	711	619	364	555	1111	945	1851	988	760		
Fiji	9379	11227	1624	4515	13363	3181	21554	18466	9984	17700	10920
Vanuatu	3600	3511	5293	691	326	5302	9307	9797		7410	8190
Niue	225	8	71	252	187	327	296	390			
Solomons	7947	6034	5868		7556	9253		7410	990	8190	
Tonga	4599	3731	2870	3496	2735	3442	4532	9198	5850	8746	6396
Tuvalu	1033	747	680	492	621	1742	988	1192	1872	1326	
Kiribati	1470	2060	1909	1700	1876	1886	2580	5333	2574	3042	2340
W.Samoa	2696	6586	4400	3584	1928	4370	7947	7505	6396	9594	7020

## Sources

1. 1972 from Aid and Commonwealth, 1973, p.82
2. 1973-74 from Aid and Commonwealth, 1974, Table 13.
3. OECD, Geographical Distribution of Financial Flows to less Developed Countries,
4. 1992 from Aid for A Change, p. 102-5
5. The rest from SPC, South Pacific Economies Statistical Summary, no. 4-12

TABLE 5.2

FRANCE'S RECIPIENTS (US\$ '000)

	70	71	72	73	74	75	76	77	78	79
Fr. polynesia	19400.0	19600.0	27400.0	52200.0	42000.0	78800.0	85800.0	83000.0	207990.0	230880.0
New Caledonia	21300.0	36500.0	54300.0	85400.0	70800.0	90700.0	60600.0	76500.0	14000.0	158066.0
Wallis & Futuna									7653.0	8051.0
Vanuatu	300.0	1400.0	200.0	3000.0	10800.0	5100.0	22000.0	2600.0	22219.0	2522.0
PNG										
Fiji										
Tonga										
W. Samoa										

	80	81	82	83	84	85	86	87	88	89
Fr. polynesia	164964.0		16605.0	8640.0	42118.0	37588.0	217971.0	275993.0	367448.0	
New Caledonia	204612.0		64794.0	86400.0			93377.0	125862.0	158923.0	
Wallis & Futuna	8614.0		9005.0	436.0	368.0	266.0	18680.0		20955.0	
Vanuatu	23600.0	10800.0		8060.0	456.0	544.0	1694.0		5661.0	4938.0
PNG	377.0	20.0		99.0	113.0				577.0	229.0
Fiji		30.0		198.0	452.0				11103.0	2173.0
Tonga	113.0			99.0	6.0	7.0			99.0	691.0
W. Samoa	109.0	10.0		50.0	47.0	126.0				198.0
		3.0								

Source

1. South Pacific Commission, South Pacific Economies, Statistical Summary, no. 4-12.

TABLE 5.3

## JAPAN'S RECIPIENTS (US\$ '000)

	80	81	82	83	84	85	86	87	88	89
Fiji	946	2200	2154	2044	2038	8585	7306	6353	9906	7406
Kiribati	2342	600	2489	2523	1826	2720	4020	3744	1032	5234
PNG	1800	2400	3690	3500	6180	3950	10430	17650	39231	30844
Solomons	960	2700	3160	1590	910	810	970	4670	15022	14121
Tonga	480	3400	760	2010	3260	1330	3570	5140	3440	5333
Tuvalu		910	880	10	30	70	60	20	327	2963
Vanuatu		10	120	320	50	750	1130	5570	4028	2864
W.Samoa	2010	3850	3480	3040	2010	1820	9160	9650	8382	5925
TTPI				2530	6270	3740	11290	9170		
Cooks						340	2120	320		
New Caledonia					9			50		

Source

South Pacific Commission, South Pacific Economies, Statistical Summary, no.4-12



TABLE 5.4

## NEW ZEALAND'S RECIPIENTS (US\$'000)

	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89
Cooks	3720	4220	5530	4664	6655	6018	6383	6855	9199		7186	2171	1969	1132	7095	8325	9580	9776
Fiji	1000	1800	1530	4300	7200	3900	4094	4254	4285	3400	2427	3464	2450	1811	3272	4743	1959	2666
Kiribati	70	40	30	58	87	103	173	272	283	400	294	297	415	680	1731	1800	2580	1679
Niue		1922	2108	2575	2511	3033	4025	3213	3362		581	441	3700	3072	5756	4949	5116	5135
Vanuatu		10	15	14	400	200	46	127	1942	50	545		357	417	1082	2087	2395	1284
PNG	100	75	380	1500	1200	1900	2910	2716	2957	3000	1306	1920	1880	1666	426	302	3288	2686
Solomons	10	30	100	100	400	300	345	730	679		537		924	764	1400	1429	1633	2074
Tokelau		462	606	709	721	817	943	1457	1673		1525		1467	1351	1032	2012	3701	4246
Tonga	180	450	620	861	828	1755	2162	2853	2726	2365		1380	1652	2188	2359	2666	3909	
Tuvalu							35	183	195		216		457	374	622	1045	1306	1086
W.Samoa	930	2090	3760	3174	2348	2743	4152	4275	4324	3700	2695	3870	3977	7138	2845	2483	4354	3456

## Source

1. 1972 from Aid and Commonwealth, 1973, p.82.
2. 1973-4 from Aid and Commonwealth, 1974, Table 13.
3. The rest from South Pacific Commission, South Pacific Economies, Statistical Summary, no.4-12.

TABLE 5.5

## UNITED KINGDOM'S RECIPIENTS (US\$'000)

	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89
Fiji	5800	7300	4710	8250	6610	5800	9000	8800	6538	14653	9862	11500	14676	2500	1695	1409	1499	1101	544	1778
Gilbert&Ellis			3870	5380	5010															
Tuvalu									1969	2329	3030		3242	1399	1328	1020	1416	2681	10995	593
Vanuatu	3000	3200	5610	6910	6630	8500	10100	8900	14447	14327	20846	9300		2359	4324	2167	6219	5173	8591	9580
Solomons	8000	6700	12050	11140	11330	19500	17000	13800	18573	15596	24026		10732	3934	9103		5055	5666	8295	10124
PNG			10	20	30		800	1400	4640	6657	496	20	6499	98	51		10542	3440	647	
Tonga			730	490	480				403	1143	2259		1202	151	392	331	342	180	202	395
f.Samoa			20	140	80				26	57	231	10		6	13				109	99

## SOURCE

1. 1972 from Aid and Commonwealth, 1973, p.82.
2. 1973-4 from Aid and Commonwealth, 1974, Table 13.
3. The rest from South Pacific Commission, South Pacific Economies Statistical Summary, no.4-12.

TABLE 5.6

UNITED STATES' RECIPIENTS (US\$ '000)

	78	79	80	81	82	83	84	85	86	87	88	89
A.Samoa	32100	30983	41714				36475	33561	42376	53931	53112	51546
Guam	98600	95170	98851				83943		32910	49726		
TTPI	132600	127987	177726			86379	92084					
Cooks					323	188	47				21	
Fiji	100	440	671	8000	1080	2641	1150				3265	988
Kiribati		4			373	71	395	361	422	317	344	
Niue					3		4	27	3	87		
PNG		487	1274		1115	43	885	1347			10299	10939
Solomons		238	575		536	248	438	351	2497	600	1089	988
Tonga	350	341	74		1221	346	17	19	48	216	211	
Tuvalu		172	382			618	23		56	154		
Vanuatu			21		237	237	194	217	1313			
W.Samoa	350	216		1000		335	183	190				988

Source

South Pacific Commission, South Pacific Economies Statistical Summary, no.4-12.

TABLE 6 RECIPIENT COUNTRIES' BILATERAL DONORS

SOURCE

1. 1971-77 from OECD, Geographical Distribution of Financial Flows to Less Developed Countries, 1971-77, pp. 74-208.
2. 1973-74 from Commonwealth Secretariat, London, Aid and the Commonwealth, 1974, Table 13 (Net ODA Receipts from the Commonwealth Donors).
3. The rest from the South Pacific Commission, South Pacific Economies, Statistical Summary, no.4-12.

TABLE 6.1

COOK ISLANDS (US\$'000)

	78	79	80	81	82	83	84	85	86	87	88	89
Australia	325	340	216		711	619	364	555	1111	945	1821	988
Canada			40		22	62	42	55	52	7	-	-
Germany			20		24	16	13	29	21			
Japan								340	2120	320		198
Netherland			122		95	50	90	28				
NZ	6383	6855	9199		7186	2171	1969	1132	7059	8325	9580	9776
UK	20										218	
US						323	188	47		21		
Others	1094	416	700		1767	1690	7854	621	939	164	1197	1481

TABLE 6.2 FIJI'S DONORS (US\$ '000)

	76	77	78	79	80	81	82	83	84	85	86	87	88
Australia	10900	5100	9415	10834	18102	11600	9379	11227	1624	4515	13363	3181	21554
Canada				42	76	10	77	122	107		115		218
Germany	200	100				1000		1187			529		2286
France						30		198	452				11103
Japan	3500	300			946	2200	2154	2044	2038	8585	7306	6353	9906
Nether.	400	200			192	70		297	1090	217			
NZ	7200	3900	4094	4254	4285	3400	2427	3464	2450	1811	3272	4743	1959
US	100	100		440	671	8000	1080	2641	1150				3265
UK	9000	8800	6538	14653	9862	11500	14678	2500	1659	1409	1499	1101	544

TABLE 6.3 KIRIBATI'S DONORS (US\$ '000)

	78	79	80	81	82	83	84	85	86	87	88	89
Australia	2876	2645	4641	3200	1470	2060	1909	1700	1876	1886	2580	5333
Canada		42	81		84	121	95		101	324	215	
Germany									268	288	387	
Japan			2342	600	2498	2523	1826	2720	4020	3744	1032	5234
NZ	173	272	283	400	294	297	415	680	1731	1800	2580	1679
UK	6748	5453	14089	9500	8918	2106	5644	4020	4296	3910	7534	2666
US			4		373	71	395	361	422	317	344	
Others	624	1797	1045	1600	1609	1634	3629	2166	1647	3522	4110	2370

TABLE 6.4 PAPUA NEW GUINEA'S DONORS (US\$ '000)

	76	77	78	79	80	81	82	83	84	85	86	87	88	89
Australia	266100	239900	272775	261534	278036	285300	263294	247452	250896	217735	217567	213653	228976	273242
Canada			20	185		20	258	396	265		173	57	1006	
France					337	20		99	113				577	229
Nether.	300	200				60	518	347	267					
Japan	11300				1800	2400	3690	3510	6180	3950	10430	17650	36321	30844
NZ	1200	1900	2910	2716	2957	3000	1306	1920	1880	1666	426	302	3288	2686
UK	800	1400	4640	6657	496	20	6499	98	51		10542	3440	647	
US				487	1247		1115	43	885	1347			10299	10939

TABLE 6.5

SOLOMON ISLANDS' DONORS (US\$ '000)

	76	77	78	79	80	81	82	83	84	85	86	87	88	89
Australia	1500	2000	3636	4330	5008		4748	7947	6034	5868	12608	7556	9253	11554
Japan	200				960	2700	3160	1590	910	810	970	4678	15022	14121
Germany													435	296
NZ	400	300	345	730	976		537		924	764	1400	1429	1633	2074
Canada				63								274		
UK	17000	13800	18573	15596	24026		10732	3934	9103		5055	5666	10124	8295
Netherland					22			3		132				
US				238	575		536	248	438	351	2497	600	1089	988

TABLE 6.6 TONGA'S DONORS (US\$ '000)

	78	79	80	81	82	83	84	85	86	87	88	89
Australia	4408	4109	3604		4599	3731	2870	3469	2735	3442	4532	9184
Canada		42	60		76	120	114	87	68	75	211	
Germany			10213				20	16	61	397	731	1086
France			113			99	6	7			99	691
Japan			480	3400	760	2010	3260	1330	3570	5140	3440	5333
Netherland			2			30	25	21				
NZ	2162	2853	2726		2365		1380	1652	2188	2359	3909	2666
US	350	341	74		1221	346	17	19	48	216	211	
UK	403	1143	2259		1202	151	392	331	342	180	202	395

TABLE 6.7 TUVALU'S DONORS (US\$ '000)

	78	79	80	81	82	83	84	85	86	87	88	89
Australia	1074	1456	1840		568	1033	747	680	492	621	1742	988
UK	1969	2329	3030		3242	1399	1328	1020	1416	2681	10995	593
Canada		42	40		35	36	42	34	87	53		
Japan				910	880	10	30	70	60	20	327	2963
Germany					22		21	17			109	99
NZ	35	183	195		216		457	374	622	1045	1306	1086
US		172	382			618	23		56	154		

TABLE 6.8 VANUATU'S DONORS (US\$ '000)

	76	77	78	79	80	81	82	83	84	85	86	87	88	89
Australia	2100	800	1663	3058	3607	3600	3511	5293	691	9307	9797	13628		
Canada			63						121	160	96	254	109	
Germany									16	10				
France	22000	2600	22219	2522	23600	10800		8060	456	544	1694		5661	4938
Netherland									6					
Japan	6100					10	243	320	47	397	1114	4162	4028	2864
NZ	400	200	46	127	1942	50	545		357	417	1082	2087	2395	1284
UK	10100	8900	14447	14327	20846	9300		4324	2359	2167	6291	5173	9580	8591
US					21			237	237	194	217	1313		

TABLE 6.9 WESTERN SAMOA'S DONORS (US\$ '000)

	78	79	80	81	82	83	84	85	86	87	88	89
Australia	5329	4331	2620	2900	2696	6486	4400	3584	1928	4340	7497	7505
Japan			4390	3900	3480	3031	1897	7138	5920	4469	8382	5925
Canada		42	37		62	124	20	102				
Germany			4796	1700		890	11	267	1239	1589	3048	2173
France			109	10		50	47	126				198
NZ	4152	4275	4324	3700	2695	3870	3977	7138	1845	2483	4354	3456
Netherland			845	70		754	137	227				
US	350	216		1000		335	183	190				988
UK	26	57	231	10		6	13				109	99

TABLE 6.10 NIUE'S AND TOKELAU'S DONORS (US\$ '000)

NIUE

	78	79	80	81	82	83	84	85	86	87	88	89
Australia	109	121	24		218	225	8	71	252	187	327	296
Japan											109	
NZ	4025	3213	3362		581	441	3700	3072	3756	4949	5116	5135
Others	99	200				212	696	273	446	-	-	-

TOKELAU

	78	79	80	81	82	83	84	85	86	87	88	89
NZ	943	1457	1673		1525		1467	1351	1032	2012	3701	4246
Others	17	21	57			159	133	115	204	-	-	-





TABLE 6.12

## DONORS OF AMERICAN SAMOA, GUAM AND

THE TRUST TERRITORY OF PACIFIC ISLANDS (TTPI) (US\$ '000)

## AMERICAN SAMOA

Donor	78	79	80	81	82	83	84	85	86	87	88	89
US	32100	30983	41714				36475	33561	42367	53931	55312	51546
Others	-	-	-				-	-	-	-	1383	791

## GUAM

Donor	78	79	80	81	82	83	84	85	86	87	88	89
US	98600	95170	98851				83943		32910	49726		
Others	-	-	-				-		-	-		

## TTPI

Donor	78	79	80	81	82	83	84	85	86	87
US	13260	127987	177726			86379	92084			
Australia	14	22				14	78	154		
Japan						2523	5916	1906	11290	9170
Others	174	212	247			214	136			

TABLE 7

EXCHANGE RATES : IUS\$

	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
Australia	1.12	1.12	1.28	1.49	1.33	1.26	1.09	1.14	1.15	1.11	1.18	1.13	0.98	0.90	0.83	0.68	0.67	0.72	0.86	0.79	0.78
UK	2.39	2.55	2.35	2.32	2.35	2.02	1.70	1.91	2.03	2.22	2.39	1.91	1.61	1.45	1.16	1.44	1.47	1.87	1.81	1.62	1.59
Jap(100Y)	0.28	0.32	0.33	0.36	0.33	0.33	0.34	0.42	0.51	0.42	0.50	0.45	0.43	0.43	0.40	0.50	0.63	0.81	0.79	0.72	0.70
NZ	1.12	1.20	1.20	1.49	1.32	1.04	0.95	1.02	1.07	0.99	0.96	0.82	0.73	0.66	0.49	0.50	0.52	0.66	0.63	0.60	0.59
France	0.18	0.19	0.20	0.21	0.23	0.22	0.20	0.21	0.24	0.25	0.22	0.17	0.15	0.12	0.10	0.13	0.15	0.19	0.17	0.16	0.16

## Sources

1. 1970-1971 from OECD, Main Economic Indicators: Historical Statistics, Paris, 1973.
2. 1972-1988 from OECD, Main Economic Indicators: Historical Statistics 1969-1988, Paris, 1990.
3. 1989-1990 from OECD, Economic Outlook, December, 1989.